



2021 One Report

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On the cover: Inflight Supervisor Ro Thomas smiles wearing Southwest's Military Ambassador polo during the unveiling of Freedom One in Houston, Texas. Our Military Ambassadors include Southwest Employees who are veterans and military spouses that serve as a resource for the Company to foster inclusion for veterans and service members.



Citizenship

2021 marked our 50th Anniversary year. For Southwest, this milestone served as an important opportunity to reflect on our rich history and our People-centric approach to business. Our ongoing commitments to our Employees, Customers, Shareholders, suppliers, and communities contribute to the many opportunities we see for the future of our Company.

To illustrate our steadfast focus on a triple bottom line—our People, Performance, and Planet—we highlight our citizenship efforts each year in the Southwest One Report. The integrated One Report combines financial, corporate social responsibility (CSR), and environmental, social, and corporate governance (ESG) reporting into a single comprehensive report.



A Word From Bob

For more than 50 years, Southwest Airlines has been committed to doing the right thing by our People, through our Performance, and in service to our Planet. We take pride in our reputation as the airline with Heart, and that naturally extends to a passion for making a difference in our communities and protecting our resources. I've had the pleasure of seeing this dedication firsthand since 1988, when I joined the Southwest Family as a programmer in Technology. A lot has changed during my time at Southwest, but our commitment to doing the right thing and being a good global citizen has not.

As the sixth CEO in Southwest's history, I'm honored to continue our citizenship journey. People are, and always have been, the Heartbeat of Southwest Airlines, and we work to advance and protect the things that are important in their lives. Our latest One Report chronicles many of our citizenship efforts, including the progress and accomplishments we achieved throughout 2021.

As you read through the featured stories in our One Report, you'll notice Southwest takes a holistic approach to our citizenship efforts, which includes establishing commitments and goals. For example, we've announced Company goals to strengthen and improve efforts to create more diverse, equitable, and inclusive job opportunities and candidate pipelines, and to increase diversity in leadership by 2025. We've also established a Human Rights policy and are working toward our goal to achieve carbon neutrality by 2050. No matter what the commitment is, it ultimately ladders up to our Purpose—to connect People to what's important in their lives through friendly, reliable, and low-cost air travel—and our Vision—to be the world's most loved, most efficient, and most profitable airline.¹ We are dedicated to doing the right thing and championing causes that matter most, because we're more than an airline; we're your neighbor, and some of our most important work is done on the ground.

Our One Report showcases our commitment to progress, including advancing how we report on our citizenship efforts. While the elements of ESG have always been at the forefront in our People-first Culture, we recognize the importance of making formal commitments around our citizenship efforts. To this end, we've increased the frequency we communicate ESG-related updates to our stakeholders, including Employees, Customers, community partners, and Shareholders.

It's an honor to serve our People, Customers, Shareholders, and communities, and I am excited to see what 2022 has in store for Southwest Airlines.

Welcome to the Southwest Airlines One Report!

BOB JORDAN
Chief Executive Officer

Sharing Our Company Values

Southwest is known for our legendary Hospitality and world-famous Culture. Our Culture is often imitated but never duplicated, and every Employee plays a role in promoting and preserving it. In 2020, we took the opportunity to refine our Company Values and further strengthen their alignment to our Vision to be the world's most loved, most efficient, and most profitable airline.¹ Today, more than ever, our Values speak to the Heart of who we are and how we treat each other.



Southwest Airlines Values

Me (How I show up)

Pride

Have a strong work ethic, take initiative, and be accountable

We are dependable and engaged

We put our Hearts into our work

We do not blame others

Integrity

Act like an owner, choose to do right, and be courageous

We do not walk past problems

We spend Company money wisely

We do not sacrifice our integrity for results

Humility

Don't take yourself too seriously, keep perspective, and don't be a jerk

We keep our egos in check

We understand it's not all about us

We bring a sense of fun to hard work

We (How we treat each other)

Teamwork

Practice civility, embrace Team over self, and be inclusive

We assume positive intent

We appreciate the strengths of our Cohearts

We avoid tribalism

Honesty

Speak up, be transparent, and tell the truth

We handle issues proactively

We seek the truth and do not gossip

We are straightforward and sincere

Service with LUV

Practice Hospitality, live by The Golden Rule, and don't be rude

We make others feel welcomed, cared for, and appreciated

We treat our Customers with respect

We embrace and support our communities

Southwest (How Southwest succeeds)

Efficiency

Don't make the easy hard, keep costs low, and stay agile

We embrace simplicity

We look for ways to improve

We are flexible and open to change

Discipline

Be safe, focused, and reliable

We comply with policies, procedures, and regulations

We consistently produce high-quality work

We do not get distracted from our work

Excellence

Get results, win the right way, and kick tail

We do our best every day

We are not complacent

We know what it takes to win

Reporting Scope

At Southwest, we are committed to doing the right thing by our People, through our Performance, and in service to our Planet, all with strong Corporate Governance. Our Employees, Customers, Shareholders, suppliers, and community partners contribute to the many opportunities we see for the future of our Company. We listen to and learn from them, seeking to address their interests in the One Report and beyond. We take pride in our reputation as the airline with Heart, and that naturally extends to a passion for making a difference in our communities and protecting our resources.

Our commitment to being a good global citizen is shared in the way we carry out our Purpose—connecting People to what's important in their lives through friendly, reliable, and low-cost air travel.

The 2021 Southwest One Report is a snapshot of our ESG efforts that fall under our People, Performance, and Planet initiatives. The One Report reflects the period of January 1 to December 31, 2021 (unless otherwise noted). The One Report contains feature story highlights for the calendar year, relevant data tables, disclosures on our management approach to important topics, and disclosures informed by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), and aligned to the United Nations Sustainable Development Goals (SDGs).

The One Report covers only those business activities for which Southwest generally has complete control or ownership. This report does not include facilities primarily controlled by others, such as airport terminal space, or outsourced or subcontracted facilities.

30,000-Foot View

From our very first flight more than 50 years ago, to our next 50 years and beyond, People always have been, and always will be the Heartbeat of Southwest Airlines. Throughout 2021, we reflected on the past 50 years with immense pride as we were reminded of our long history of putting our People, including our Employees, Customers, and communities, first—even in the face of difficult circumstances.

The past few years serve as a stark reminder that new challenges will always persist. But so too will our commitment to our People and protecting and advancing the things they care about through our citizenship efforts. On the following pages, you can read more about our citizenship activities throughout 2021 and how we're aligning our efforts with our Heart for People.



2021 Awards

FORTUNE
WORLD'S MOST
ADMIRE
COMPANIES²⁰²¹

Ranked 14th

(in 2021)

FORTUNE World's Most
Admired Companies

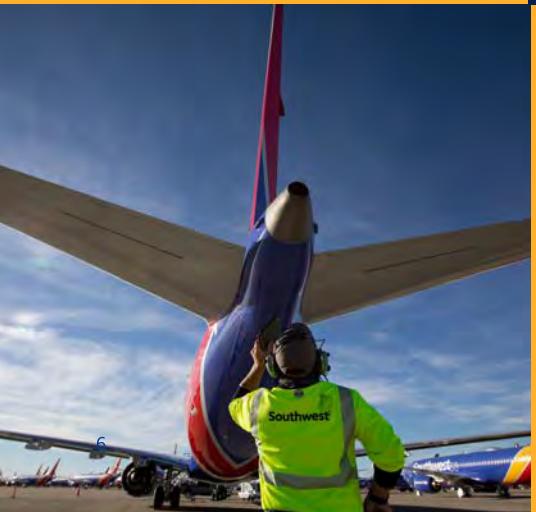
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Elliott Advocacy
2021 AWARDS

READERS' CHOICE

WINNER

Named the
**Top Domestic
Airline**
for Customer Service



BETTERINVESTING

Named a
**Top 100
Company**

M MORNING CONSULT

Ranked #3
America's Most Trusted
Travel & Hospitality Brands

glassdoor

Named a
**Best Place
to Work**
for the 12th
consecutive year

DEI DISABILITY
EQUALITY
INDEX

Best place to work for
**Disability
Inclusion**

HUMAN
RIGHTS
CAMPAIGN

Received a
100
on the Corporate
Equality Index in 2021

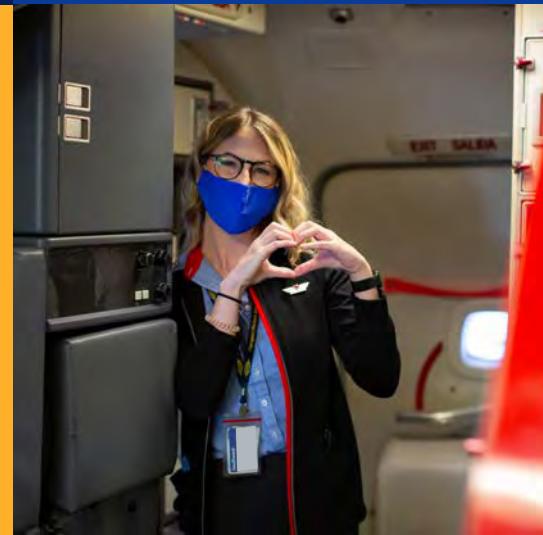
WalletHub®

Ranked #1
for Most Reliable Airline

Ranked #4
for Best Airline

Airforwarders
Association

Named the
**Domestic Carrier
of the Year**
of the year for the 12th
consecutive year





Recognizing Our Milestone 50th Anniversary Year

Southwest Airlines began as an idea sketched on a cocktail napkin in a San Antonio bar in the late 1960s. Since those humble beginnings more than 50 years ago, we now carry more air travelers flying nonstop within the United States than any other airline.² On June 18, 1971, Southwest Airlines took to the skies for the very first time flying between three Texas cities, known as the Texas Triangle, connecting Customers in Dallas, Houston, and San Antonio. Today, we serve 121 airports across 11 countries, operate one of the world's largest fleets of Boeing 737s, and employ more than 55,000 People.³

We're also consistently ranked among the best airlines and best employers in the world, thanks to our People.

However, we're not just proud of how far we've come as an airline—we're proud of how we got here. Our People, and our commitment to them is our greatest strength. For our 50th Anniversary, we focused on recognizing our Company's historic journey and honoring the People who kept us flying for the last five decades—our dedicated People, key partners, and loyal Customers.



Honoring Our Past

We're a Company full of remarkable stories that showcase the Heart and Hospitality of our Employees. So, what better way to celebrate our milestone 50th Anniversary than to share highlights from our rich history with the world? During 2021, we featured moments throughout Southwest's unique and inspiring past through a dedicated [50th Anniversary website](#), including a stories section that featured more than 40 memorable moments. Beginning with the cocktail napkin all the way to the present-day, we highlighted stories about our visionary founding Leaders, how we succeeded in the face of extreme adversity, and our long history of showing Heart to our People and communities.

We also launched a public-facing, 20-episode podcast series called, "[Is This Seat Open?](#)" to share fascinating stories from our first 50 years of flying—in partnership with LA Times Studios and At Will Media. The podcast is available for access through December 31, 2022.

To further commemorate our 50th year, we released a one-of-a-kind, commemorative history book to celebrate our first five decades, titled "[50 Years. One Heart. A History of Southwest in 50 Objects.](#)" This unique, coffee-table book brings to life the Company's colorful history and corporate archives through photographs and moments from our rich past, exclusively sold at Southwest®: The Store. This is the first of two special books in honor of our 50th Anniversary milestone.

These unmatchable stories, featuring the Heart of our People, serve as inspiration for our future and a foundation for the next chapter in our Company's story: the next 50 years and beyond.

One Million Acts of Kindness

Whether in the air or on the ground, we believe community is more than a place—it's at the Heart of what brings us together. Throughout our 50th Anniversary year, we encouraged our Customers, Employees, and partners to complete a collective one million Acts of Kindness, celebrating half a century of empowering People and communities to lead with Heart and spread kindness. Customers and Employees alike participated in this challenge by signing our Kindness Pledge and committing to doing Acts of Kindness for others, such as delivering a meal to a neighbor, cleaning up a park, or sending a note of encouragement. We achieved our one million Acts of Kindness goal in September 2021, months ahead of schedule!

To celebrate this achievement, we offered select 501(c)3 organizations an opportunity to enter a contest to win 100 domestic one-way Southwest travel awards. Fifty-two nonprofit organizations across the country received this award, further enabling their work to spread kindness throughout the world. The total travel prize awarded across all recipients was 5,200 domestic, one-way Southwest travel awards at a value of more than \$1 million.

In addition to our one million Acts of Kindness initiative, we named The Birthday Party Project the official community partner of our 50th Anniversary year. The Birthday Party Project is a Dallas-based nonprofit organization that collaborates with more than 60 agencies to bring joy to children experiencing homelessness across the country through the magic of birthday parties. Southwest supported The Birthday Party Project throughout 2021 with Companywide initiatives including a \$50,000 donation to kick start the year and a toy drive with more than 2,000 gifts donated. We also provided Customers and Employees opportunities to engage via donations, celebrations, and volunteer projects. The Birthday Party Project joins the more than 450 community partners that Southwest contributes to annually.



Freedom One

We celebrated 50 years of giving People the freedom to fly by unveiling *Freedom One*, a Boeing 737-800 emblazoned with a stylized flag of the United States. This specialty aircraft features 50 stars and 13 stripes and serves as a high-flying tribute to 50 years of Southwest Airlines service with a symbol of unwavering pride for our nation and its heroes.

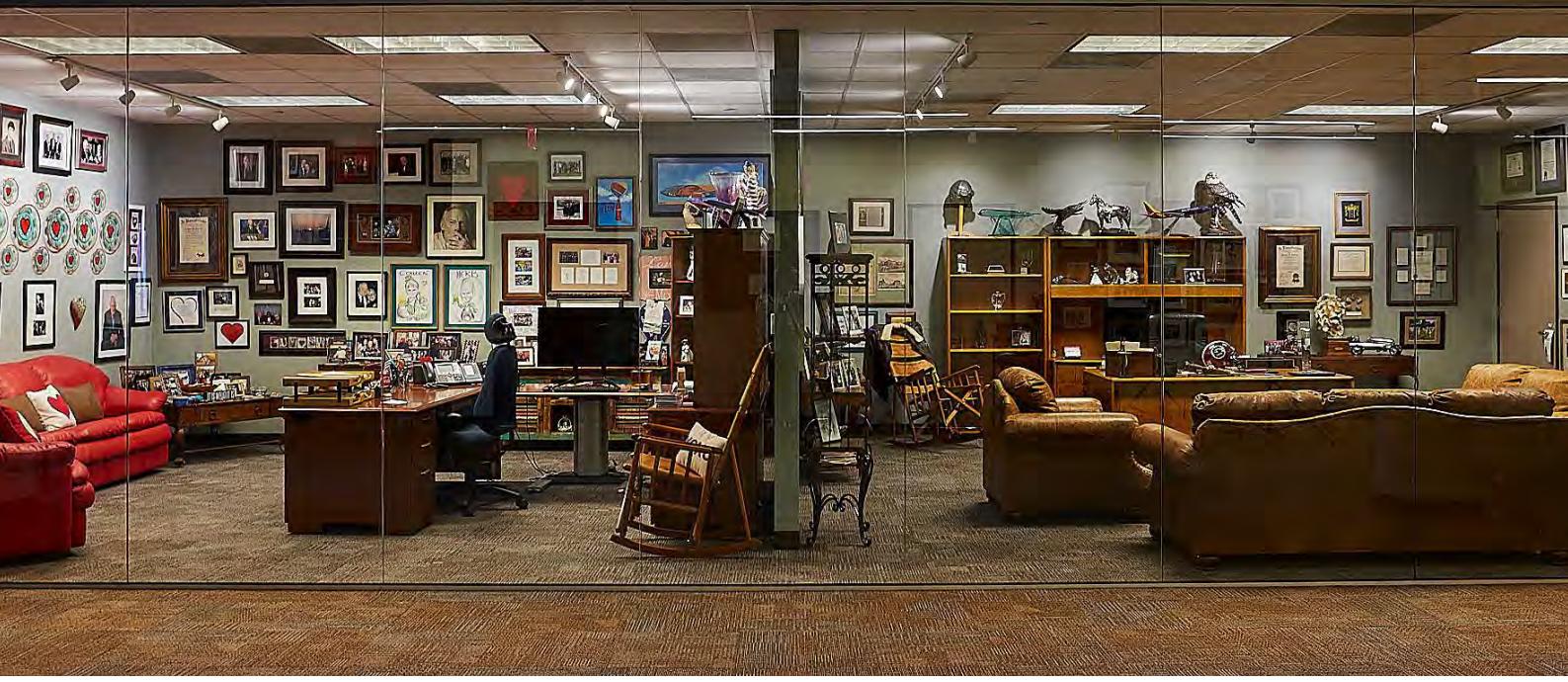
We were proud to unveil *Freedom One* to Southwest Employees during a Companywide celebration at the Southwest Airlines Technical Operations Hangar at William P. Hobby International Airport in Houston, where attendees included Southwest Military Ambassadors. Our Ambassadors include Southwest Employees who are veterans and military spouses that serve as a resource for the Company to foster inclusion for veterans and service members. Unveiling *Freedom One* showed our ongoing appreciation to those who have served and are currently serving in our Armed Forces—including the more than 7,400 veterans and 1,500 military spouses in our Southwest Family.

An Awe50me Adventure

"We've experienced some amazing wins and faced some tough challenges in our first half-century. I firmly believe that understanding the past helps us prepare for the future. And we believe our future is incredibly bright as we turn to the Company's next 50 years and beyond, together with our dedicated People, key partners, and loyal Customers.¹"

GARY KELLY

Executive Chairman of the Board and Former CEO



Honoring Herb Kelleher & Colleen Barrett

To honor Southwest Airlines' Founder Herb Kelleher and President Emeritus Colleen C. Barrett, we unveiled an incredibly special place on our Corporate Campus: The Emeritus Suite Exhibit in March 2021. This space permanently showcases the offices of Herb and Colleen just as they looked when these Leaders came into their offices every day. We also renamed our main building on campus the Herbert D. Kelleher Building.

Honoring our Leaders didn't stop there! We publicly launched the [Colleen C. Barrett Institute for Cultural Excellence & Customer Service](#) (CCB Institute), in recognition of Southwest Airlines President Emeritus Colleen C. Barrett and her incredible passion for nurturing a vibrant corporate Culture at Southwest.

The CCB Institute is a resource center where individuals and organizations can learn about the tenets of Southwest's legendary Culture, Leadership, and Hospitality. It also provides practical tools for others to learn from her remarkable example and offers inspiration for individuals and organizations to make long-lasting, positive impacts in our organizations and the world.

Recognizing our golden anniversary throughout 2021 and celebrating in meaningful ways with our Employees, Customers, and partners was an honor and a highlight during a challenging time for our industry and our nation. Our hope is that by remembering and learning from the past, we're inspired for the future with unwavering hope, resilience, and optimism.

Cheers to 50 years, and many more!

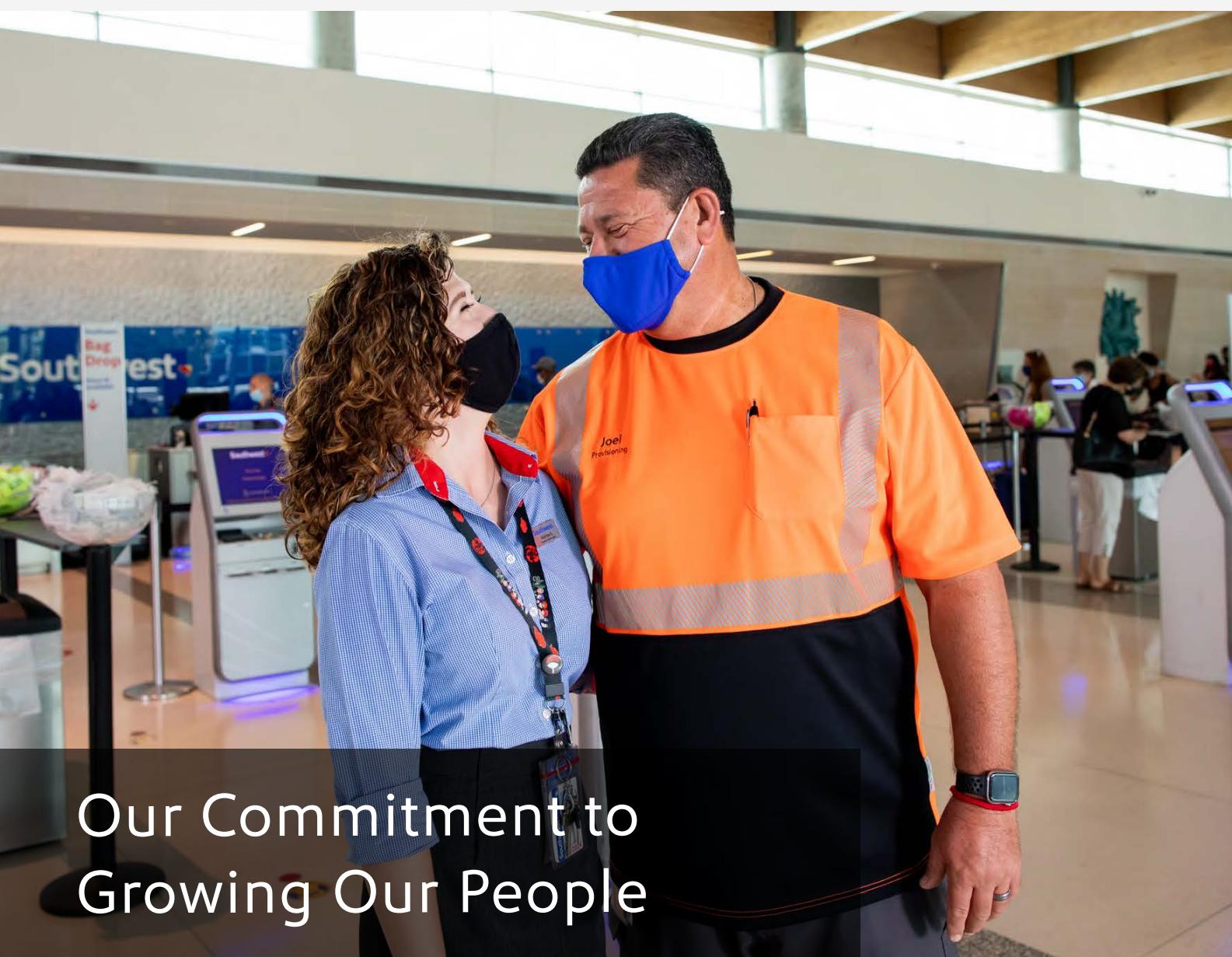


**50 years.
One Heart.**



People

As you read this section of the One Report, you might notice that we often reference “our People.” When we say “our People,” we mean more than our Southwest Employees. Of course we love our Employees (they’re Members of our Southwest Family!), but we also consider Customers and communities “our People” too. Therefore, we treat them with the same concern, respect, and caring attitude that they’d experience as part of the Southwest Team. When we say “our People,” you’ll know what we mean: We’re a Company of our People, focused on serving our People.



Our Commitment to Growing Our People

Employees are the Heart of Southwest Airlines. Throughout our 50-year history, we've committed to providing our Employees with great jobs and benefits, a world-famous Culture, and an environment where they feel comfortable bringing their whole authentic selves to work. Empowered Employees make great ambassadors that help attract tomorrow's talent to our Southwest Family. In today's competitive labor market, we need to continue to win the best Candidates and retain our current People.

Hiring the best Candidates means constantly working to improve how we attract, engage, and retain our Employees. Throughout 2021, we deployed innovative strategies to improve recruiting, training, career development, Employee recognition, and compensation.

Southwest takes immense pride in the fact that we've never had an involuntary furlough in our 50-year history. In June 2021, we announced our desire to increase starting hourly pay rates so all hourly Employees make at least \$15 per hour.

UN SDG Alignment



GRI Index

- 401-1
- 401-2
- 401-3
- 404-1
- 404-2

Employee Referral Program

To further boost our recruitment efforts, we introduced a new Employee Referral Incentive Program to all Employees in August 2021. We've always valued referrals from our Employees. Now, we're recognizing them with incentives to grow the Southwest Family. With a need to hire in large numbers to support our operation and our People, this program leverages our Employees' personal networks. Employees who opt into the program earn points—redeemable through our internal SWAG¹⁷ Employee recognition platform—to redeem rewards including Rapid Rewards® points, gift cards, merchandise, and more.

We're thrilled by the success of our Employee Referral Program. Since the program's launch in 2021, Southwest Employees submitted more than 16,000 referrals (between August and December 2021) and more than 50% of Employee referrals applied for a role. In total, we've awarded more than two million SWAG points to our Employees for referrals hired.⁴

Career Mobility Program

To better support career development, diversity and inclusion, and recruiting we introduced a robust Career Mobility Program. This program allows our Employees to proactively prepare for internal career opportunities through services like individual career advising sessions, interview preparation resources, and "days in the field" to learn about other roles throughout the Company. Whether Employees want to apply for a promotion, change roles within their current department, or explore opportunities in other departments, our dedicated Teams direct them to the tools, resources, and learning opportunities so they feel prepared for their next career move.

At Southwest, our Employees are in the driver's seat of their development. We don't just set them up for success in their current role, we support their growth throughout their careers. It's all about a career with Heart—watching our Employees thrive during their entire career journey and making their experience at Southwest meaningful to them.



Diversity, Equity, and Inclusion (DEI) Hiring and Training Initiatives

We strongly believe our workforce should reflect the communities we serve. We're evolving our hiring processes so that our outreach and selection processes extend more fair opportunities to qualified Candidates of all backgrounds and experiences. In support of this effort, we recently launched new educational opportunities designed to support our DEI initiatives in the recruiting process. And we continue to provide educational resources to foster DEI throughout the hiring process.

We believe quality training, education, and development are powerful tools for progress and change. It's all part of fostering an environment where everyone feels safe, respected, valued, and supported—behaviors consistent with our Company Values and our DEI promise of Team, value, and respect.



Southwest's Story of Inclusion. Every. Single. One. Of. Us.

Southwest Airlines recognizes, respects, and values differences. We strongly believe that by fostering a Culture that embraces and utilizes diversity, we promote Teamwork and innovation that contribute to the success of our Employees, the experience of our Customers, and our performance as a Company. At Southwest, DEI is and always has been a part of our DNA, and we have renewed energy and focus on fostering a healthy, diverse, and vibrant Culture at all levels of our organization. We are focused on increasing diversity in leadership, as well as nurturing stronger diverse leadership pipelines for the future.

We believe in putting People first. And for more than 50 years, we've never wavered from that commitment. We remain devoted to being a place where Employees feel welcomed and encouraged to bring their whole authentic selves to work. We're committed to listening to our People—Employees and Customers—and making changes when needed. As a Company, we're also dedicated to the communities we serve and working alongside our nonprofit partners to champion diversity, equity, and inclusion.

UN SDG Alignment



GRI Index

405-1

Over the past year, we've committed to broadening our DEI approach and communicating our DEI mission and vision for all Employees. As an organization, we continue to champion a variety of DEI initiatives. United in these efforts, Southwest Employees partner with our Customers and the communities we serve to maintain concentration on DEI.

At Southwest, we're aligned on building an inclusive workplace Culture and communities where everyone belongs. This takes every single one of us. In collaboration with Leaders and Employees, we developed Southwest's Story of Inclusion, which is a culmination of Southwest's commitment to DEI values and beliefs. There's an opportunity as a collective Team to advance DEI—we believe our Story of Inclusion is the beginning of our shared voice and understanding as we transform and enhance DEI efforts at Southwest.

DEI is a journey, and we know there's always more we can do. We're committed to completing the work and making a difference.

Moving the Needle

In addition to our Story of Inclusion, we've worked toward the diversity goals we made in 2020. These goals are intended to create more diverse, equitable, and inclusive job opportunities and Candidate pipelines, while fostering a welcoming and inclusive environment to help all Employees grow and develop. Our goals include:⁵

Hiring And Development Practices: *Evolving hiring and development practices to support diversity goals, including posting all open Leadership positions (Supervisor to Vice President).*

Senior Leadership Diversity: *Measuring progress toward increasing diversity in Senior Leadership and talent pipelines.*

Senior Management Committee Diversity: *Doubling the percentage of racial diversity and increasing gender diversity within our Senior Management Committee by 2025.*

Community Partners: *Engaging a breadth of community partners to leverage the Company's relationships as it sources diverse talent.*

"Our DEI Mission is to strive for an inclusive workplace environment that aligns with our SWA Way Values—an environment based on the tenants of care, concern, and respect towards one another where each of us can flourish for the benefit of self and our Team."

JUAN SUAREZ

Vice President Diversity, Equity, & Inclusion



Additionally, the Company's Board of Directors committed to increasing its diverse representation by 2025.¹ Quickly following the announcement of these DEI goals, Southwest formed a Diversity, Equity, and Inclusion Rapid Response Team comprised of cross-functional Stakeholders and subject matter experts who evaluated our current efforts and made additional recommendations to support the strategic direction of our DEI progress. Over the past year, we've made significant progress toward meeting our DEI objectives within key focus areas:

Career

Sponsorship/Executive Mentorship Program Launch:

Launched Sponsorship/Executive Mentorship Pilot Program with 103 Mentors/Mentees in 2021.

Formal Mentorship Program Launch: *Launched Mentorship Program with Daily Operations supporting 53 Mentee/Mentor pairs throughout our business.*

Fearlessly Authentic Module Completion: *Completion of the Fearlessly Authentic eLearning modules by 97% of our Leaders. The modules guide Employees on inclusiveness, belonging, and understanding different experiences.*

Talent Review Revamp: *Revamped our current Talent Calibration process to provide a consistent and objective talent practice for assessing, identifying, developing, and moving talent. Supported our DEI initiatives through consistency and use of Talent data.*

Diversity Recruiting Center of Excellence (COE): *Established a Diversity Center of Excellence to support recruiting and hiring initiatives, which included identifying four Top Tier Historically Black Colleges and Universities (HBCU) for Intern recruiting, and sponsored three student camps and an annual conference with the Organization of Black Aerospace Professionals.*

Diversity Hiring Training: *Created diversity hiring courses to help Leaders recognize and minimize unconscious bias in the workplace and to promote DEI in the hiring process. Since September 2021, 533 Leaders and Interview Panelists have completed Diversity Hiring the Southwest Way and 440 Leaders and Interview Panelists have completed Recognizing Bias in Recruiting. We now require Leaders to complete this training before participating in any Candidate interviews.*

Community

Southwest Airlines® Scholarship Program: *Launched the Southwest Airlines Scholarship Program, which provides access to education for those seeking diverse educational pathways. The scholarship program supports building a diverse talent pipeline, while inspiring future generations to find careers within the airline industry.*

Supplier Diversity Program Enhancements: *Established a national membership with the National Minority Supplier Development Council (NMSDC), providing access to more than 13,000 certified minority-owned businesses.*

Culture

Disability and Etiquette Course Launch: *Launched the Disability Awareness and Etiquette online course in May 2021 as part of EnableAbility—a Companywide strategy regarding disability developed in partnership with our Technology, DEI, Customer Advocacy, Supply Chain, and Communications & Outreach Departments.*

DEI Site Launch: *Launched a comprehensive enterprise DEI-focused internal website with resources to support Employees and Leaders.*

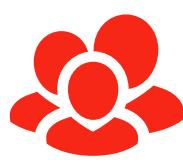
Employee-led Groups: *Launched Employee-led groups to further support Employees organically connecting and building community through common interests.*

Diversity Council: *Continued to leverage our Diversity Council as a strategic asset for Southwest. We believe a diverse council, comprised of Members from different backgrounds, roles, and workgroups across the entire Company is key to advancing DEI awareness throughout all areas of the organization.*

Allyship Guide: *Created an Allyship Guide that educates and supports Employees in building cultural competency to recognize, respect, and value the differences of their peers.*

We recognize that our work is not complete and we look forward to additional progress toward these goals. Our objective is to cultivate a diverse and inclusive experience for all to thrive. We're committed to fueling this momentum and striving for sustainable and systemic change through consistent efforts.

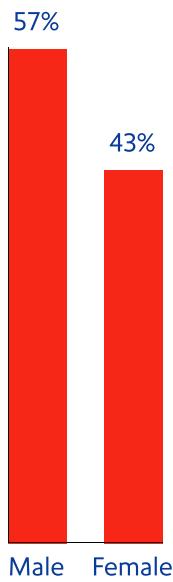
Southwest Employee Snapshot



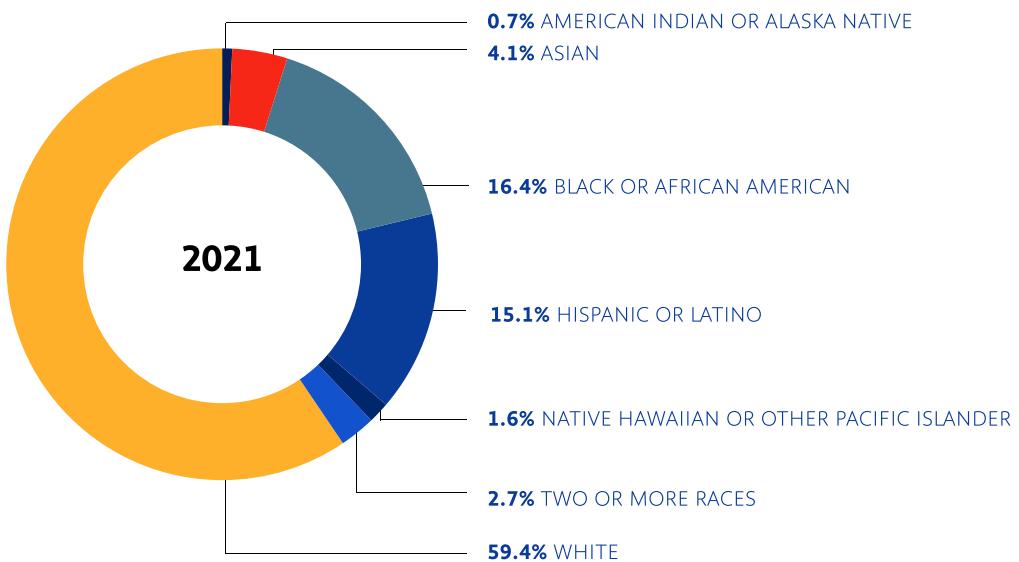
55,093

Active, full-time equivalent
Employees at year-end

By Gender



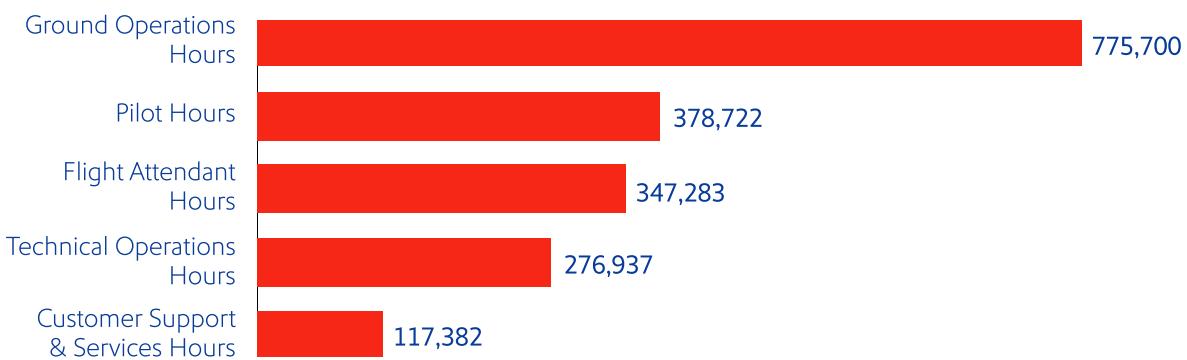
By Ethnicity/Race¹¹



0.6% Total Turnover¹⁵

More than
61,000 Employee Training Hours on Human Rights

Training Hours





Continued COVID-19 Response

In the face of an ever-evolving COVID-19 pandemic, the entire Southwest Airlines Team tirelessly responded and adapted to support our Employees, Customers, and communities. The health and Safety of our People remains our top priority. Throughout the pandemic, we've diligently met and corresponded with government entities, and we continue to evaluate our policies and procedures based on public health guidance, scientific research, and advice from medical and aviation organizations.

Southwest continues to support Employees and Customers through ongoing, Companywide adjustments as the pandemic situation evolves. Early on, this included initiatives like requiring face masks to be worn in work locations, implementing physical distancing, and equipping our Employees with accurate and timely information needed to support their wellbeing and comfort.

UN SDG Alignment



GRI Index

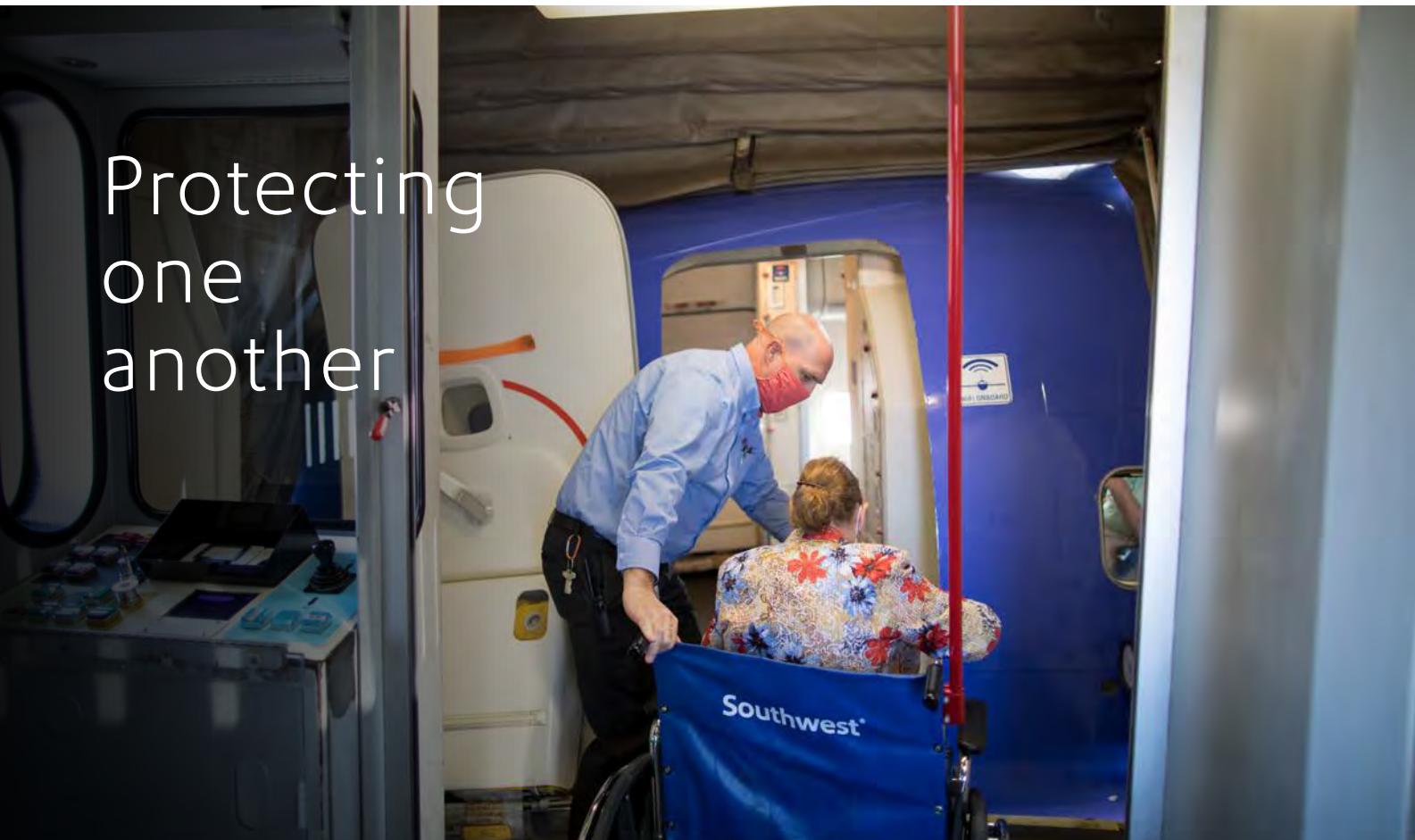
- 403-1
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- 403-5
- 416-1

To help protect our Employees and the Customers we serve, we've supported Employees through vaccination efforts as a strong line of defense against COVID-19. To encourage our Employees to get vaccinated, we launched a communication campaign that provided Employees with reputable information about their vaccine options, and we also introduced a Vaccination Participation Pay Program that compensated our Employees for the time needed to get vaccinated.

Onboard, Southwest continues to provide a hospitable environment for our traveling Customers, including enhanced cleaning practices. On every aircraft, we also provide a full exchange of cabin air with HEPA filtration every two to three minutes. Our HEPA filtration system removes at least 99.97% of airborne particles.⁶

Southwest continues to evolve COVID-19 procedures and policies to promote the comfort and wellbeing of our Employees and Customers. We recognize the pandemic isn't over; however, we're confident that together we can manage through the COVID-19 recovery while continuing to offer our Customers outstanding Southwest Service.

Protecting one another





Inspiring The Future Through Southwest Scholarships

At Southwest, championing educational attainment for all is a foundational principle that drives our work across the communities we serve. From the founding of our Adopt-A-Pilot program to the celebration of our ¡Lánzate!/Take Off! Higher Education Travel Award, we've always encouraged students at any age to soar to new heights through learning, seeing firsthand the positive impact generations receive through educational opportunities. In 2021, as we celebrated our 50th Anniversary and advanced our corporate DEI goals and objectives, we awarded our first round of scholarships through the Southwest Airlines® Scholarship Program.

UN SDG Alignment



Championing education access for all.

We believe educated communities are empowered communities, and that every student should receive opportunities to achieve their academic goals despite barriers that may exist. As such, the new Southwest Airlines® Scholarship Program awards financial assistance to support deserving students both within the Southwest Family and externally in the communities we serve. Specifically, the scholarship opportunities include:⁷

The Herbert D. Kelleher and Rollin W. King Scholarship: *A legacy, internal scholarship that honors our Founders and its namesake by providing financial assistance to Employee dependents striving to pursue higher education. Another meaningful example of how Southwest invests in our most valuable asset, our People.*

The Southwest Airlines Scholarship: *Launched in 2021, this community-centric scholarship underscores our commitment to building a diverse talent pipeline and highlights the importance of equity and inclusion for future generations interested in careers within the aviation industry—from frontline operations, customer service and hospitality, aircraft maintenance, dispatch, engineering, flight operations; to corporate positions such as finance, technology, human resources, marketing, sales, and communications.*

In 2021, we awarded \$110,000 to 17 students. This program continues our focus on providing more equitable education opportunities to students while promoting diverse academic pathways that reflect the Southwest Airlines workforce. We're also excited to provide scholarship recipients further value through development opportunities, such as career and life skills workshops, in partnership with our Talent Acquisition Teams throughout 2022.

We know supporting education access for all yields a positive and lasting impact and we're looking forward to helping the next generation of students soar. We believe community is more than a place—it's at the Heart of what brings us together.

"By awarding me the Southwest Airlines Scholarship, you have lightened my financial burden, which will allow me to focus on my academics. I will work hard to make sure you are proud that you invested in me."

ANIKA, Southwest Airlines Scholarship Recipient
(Middle Tennessee State University)

"I want to express my gratitude to the contribution that the company has made toward my educational journey. This scholarship helps me progress in my career, without worrying about costs, and debt along the way."

SAFWAN, Southwest Airlines Scholarship Recipient (University of Illinois At Chicago)

"This scholarship means opportunity. This will expand my abilities as an engineer and keep me engaged in new and exciting developments within industry. I love having options and this scholarship gives me opportunities to gain new experiences at my university."

CHRISTIAN, Herbert D. Kelleher and Rollin W. King Scholarship Recipient
(University of Oklahoma)

People Data Table

Workforce	2021	2020	2019	2018	2017
Active, full-time equivalent ⁸	55,093	56,537	60,767	58,803	56,110
Non-Employee Workers ⁹	346	Not Reported	Not Reported	Not Reported	Not Reported
Total Employees¹⁰					
by Age and Gender	2021	2020	2019	2018	2017
Total Employees at year-end	57% Male 43% Female	58% Male 42% Female	57% Male 43% Female	57% Male 43% Female	58% Male 42% Female
Breakdown of total Employees—full-time/part-time:					
Full-time	56% Male 42% Female	Not Reported	Not Reported	Not Reported	Not Reported
Part-time	1% Male 1% Female	Not Reported	Not Reported	Not Reported	Not Reported
Breakdown of total Employees—age/gender:					
Under 30 years old	5% Male 4% Female	Not Reported	Not Reported	Not Reported	Not Reported
30-50 years old	28% Male 20% Female	Not Reported	Not Reported	Not Reported	Not Reported
Over 50 years old	24% Male 19% Female	Not Reported	Not Reported	Not Reported	Not Reported
Breakdown of total Employees—category/gender:					
Executives	69% Male 31% Female	Not Reported	Not Reported	Not Reported	Not Reported
All Other Leaders ⁶¹	66% Male 34% Female	Not Reported	Not Reported	Not Reported	Not Reported
Individual Contributors	57% Male 43% Female	Not Reported	Not Reported	Not Reported	Not Reported
Breakdown of total Employees—category/age:					
Executives	0% <30 31% 30-50 69% >50	Not Reported	Not Reported	Not Reported	Not Reported
All Other Leaders ⁶¹	6% <30 54% 30-50 40% >50	Not Reported	Not Reported	Not Reported	Not Reported
Individual Contributors	9% <30 48% 30-50 43% >50	Not Reported	Not Reported	Not Reported	Not Reported

**Employees By
Ethnicity/Race^{10,11}**

	2021	2020	2019	2018	2017
American Indian or Alaska Native	0.7%	0.7%	Not Reported	Not Reported	Not Reported
Asian	4.1%	3.9%	Not Reported	Not Reported	Not Reported
Black or African American	16.4%	16.3%	Not Reported	Not Reported	Not Reported
Hispanic or Latino	15.1%	14.8%	Not Reported	Not Reported	Not Reported
Native Hawaiian or Other Pacific Islander	1.6%	1.5%	Not Reported	Not Reported	Not Reported
Two or More Races	2.7%	2.6%	Not Reported	Not Reported	Not Reported
White	59.4%	60.2%	Not Reported	Not Reported	Not Reported

Breakdown by Employee category—% ethnically/racially diverse:

Executives	11.3%	Not Reported	Not Reported	Not Reported	Not Reported
All Other Leaders ⁶¹	40.1%	Not Reported	Not Reported	Not Reported	Not Reported
Individual Contributors	40.7%	Not Reported	Not Reported	Not Reported	Not Reported

**Board of Directors by Gender,
Age, and Ethnicity/Race¹²**

	2021	2020	2019	2018	2017
Gender	77% Male 23% Female	Not Reported	Not Reported	Not Reported	Not Reported
Age ⁷⁷	100% over age 50	Not Reported	Not Reported	Not Reported	Not Reported

Ethnicity/Race:

Black or African American	8%	Not Reported	Not Reported	Not Reported	Not Reported
Hispanic or Latino	8%	Not Reported	Not Reported	Not Reported	Not Reported
White	84%	Not Reported	Not Reported	Not Reported	Not Reported

Employees by Division^{8,13}

	2021	2020	2019	2018	2017
Flight ⁷⁸	23,531 43%	24,567 43%	25,852 43%	24,861 42%	23,391 42%
Technical Operations ^{69,27}	3,138 6%	3,143 6%	3,392 6%	3,150 6%	3,062 5%
Ground, Customer, and Fleet Services ⁷⁹	21,027 38%	22,039 39%	23,914 39%	23,607 40%	22,849 41%
Administrative (Management, Technology, Finance, Marketing, and Clerical Personnel (associated with non-operational departments.))	7,397 13%	6,788 12%	7,609 12%	7,185 12%	6,808 12%

Benefits	2021	2020	2019	2018	2017
Active and inactive Employees who participate in benefits program	More than 59,600	More than 59,700	More than 64,800	More than 62,800	More than 59,800
Company contributions to Employee benefit programs excluding 401(k) and ProfitSharing plans and share-based compensation (accrued) ¹⁸	More than \$1.1 billion	More than \$1.3 billion	More than \$1.3 billion	More than \$1.2 billion	More than \$1.1 billion
401(k) savings plan participation	92%	92%	91%	91%	91%
ProfitSharing Plan participation	All eligible Employees	All eligible Employees	All eligible Employees	All eligible Employees	All eligible Employees
Company contributions to 401(k) and ProfitSharing plans	\$749 million	\$561 million	\$1.2 billion	\$1.0 billion	\$1.0 billion
Total number of Employees that were entitled to parental leave, by gender ¹⁴	9,959 Male 16,910 Female	Not Reported	Not Reported	Not Reported	Not Reported
Total number of Employees that took parental leave, by gender ¹⁹	216 Male 250 Female	Not Reported	Not Reported	Not Reported	Not Reported
Total number of Employees that returned to work after parental leave ended, by gender ¹⁹	216 Male 247 Female	Not Reported	Not Reported	Not Reported	Not Reported
Total number of Employees that returned to work after parental leave ended and are still employed 12 months after their return to work, by gender ²⁰	215 Male 236 Female	Not Reported	Not Reported	Not Reported	Not Reported
Return to work rate of Employees that took parental leave, by gender ²¹	100% Male 98.8% Female	Not Reported	Not Reported	Not Reported	Not Reported
Return to work retention rates of Employees that took parental leave, by gender ²²	99.5% Male 95.5% Female	Not Reported	Not Reported	Not Reported	Not Reported

Hiring and Turnover	2021	2020	2019	2018	2017
New Hires during the reporting period, by age and gender: under 30 years old	663 Male 529 Female	215 Male 133 Female	1,093 Male 787 Female	1,450 Male 1,038 Female	1,223 Male 940 Female
New Hires during the reporting period, by age and gender: 30-50 years old	918 Male 794 Female	254 Male 235 Female	1,530 Male 1,014 Female	1,871 Male 1,092 Female	1,831 Male 996 Female
New Hires during the reporting period, by age and gender: over 50 years old	325 Male 385 Female	67 Male 73 Female	379 Male 422 Female	444 Male 439 Female	405 Male 448 Female
Turnover during the reporting period, by age and gender: under 30 years old	489 Male 322 Female	Not Reported	Not Reported	Not Reported	Not Reported
Turnover during the reporting period, by age and gender: 30-50 years old	829 Male 660 Female	Not Reported	Not Reported	Not Reported	Not Reported
Turnover during the reporting period, by age and gender: over 50 years old	683 Male 708 Female	Not Reported	Not Reported	Not Reported	Not Reported

Training	2021	2020	2019	2018	2017
Flight Attendant hours	347,283	263,811	427,705	442,807	354,942
Pilot hours	378,722	252,030	482,473	543,360	582,535
Technical Operations hours ⁶⁹	276,937	185,148	165,630	166,234	140,068
Customer Support & Services hours	117,382	63,841	134,783	181,670	255,106
Ground Operations hours	775,700	507,164	887,627	737,256	740,285
Safety and Security hours (all Employees)	More than 440,000	More than 320,000	More than 780,000	More than 820,000	More than 660,000

Average Training Hours by Employee Classification:

Executives	12	Not Reported	Not Reported	Not Reported	Not Reported
All Other Leaders ⁶¹	47	Not Reported	Not Reported	Not Reported	Not Reported
Individual Contributor	29	Not Reported	Not Reported	Not Reported	Not Reported
Overall by Gender ⁶⁷	34 Male 25 Female	Not Reported	Not Reported	Not Reported	Not Reported

Customers	2021	2020	2019	2018	2017
External Customer commendations	More than 38,000	More than 34,000	More than 88,000	More than 96,000	More than 107,000
Ratio of external Customer commendations to personnel complaints	5:1	3:1	3:1	3:1	4:1
American Customer Satisfaction Index (ACSI)	79	79	79	80	80
U.S. Department of Transportation (DOT) Customer Satisfaction rating (consumer complaints per 100,000 enplanements) ⁴³	1.36	2.64	0.33	0.36	0.47
Percentage of reported flight operations arriving on time	75.8	86.0	80.2	79.2	78.7
Number of mishandled bags reported per 1,000 enplaned bags	3.73	2.68	4.40	4.68	4.50
Passengers denied boarding per 10,000 Passengers	0.33	0.06	0.19	0.15	0.53
Communities	2021	2020	2019	2018	2017
Donation requests received systemwide	2,492	5,782	18,456	17,243	17,032
Tickets donated	28,632	20,008	45,301	50,060	50,586
Total monetary donations	\$11,627,907	\$707,672	\$5,843,946	\$4,581,579	\$13,390,938
Total corporate monetary, in-kind, and ticket donations	\$21,805,603	\$10,190,071	\$24,306,076	\$25,235,753	\$37,043,294
Monies raised through official Southwest fundraising efforts	\$110,000	\$1,300,000	\$800,000	\$950,000	\$500,000
Employee volunteer hours	More than 75,000	Nearly 75,000	More than 200,000	Nearly 190,000	More than 180,000
Value of Employee volunteer hours ²³	More than \$2,200,000	More than \$2,200,000	More than \$5,800,000	More than \$4,800,000	More than \$4,300,000

Social Management Approach	2021	2020	2019	2018	2017
Employees represented by unions	Approximately 82%	Approximately 83%	Approximately 83%	Approximately 83%	Approximately 83%
Employee human rights training hours	More than 61,000	More than 61,000	More than 53,500	More than 44,000	More than 39,000
Employees trained on human rights	54.3%	56.2%	48.9%	43.9%	40.4%





Planet

We're the airline with Heart, and we want to treat our Planet similar to how we treat our Customers—with genuine thoughtfulness that extends beyond takeoff and landing. For years, Southwest's proudly shown our Heart for the Planet in many ways, including implementing fuel efficiency initiatives into our operations and supporting conservation-focused organizations. Environmental sustainability is an important part of our future, which is why we've steadily increased our focus in this area as a Company—including the creation of the Environmental Sustainability Team in 2021, releasing long- and near-term sustainability goals and targets, advancing our sustainable aviation fuel (SAF) strategy, and launching a carbon-offset program that allows Customers to contribute funds for the purchase of carbon offsets for Southwest.



Our 10-Year Environmental Sustainability Plan and Long-Term Goals

For years, Southwest's shown its Heart for the Planet by operating efficiently and respecting the environment. Environmental sustainability remains an ongoing priority for our future and we've set a goal to achieve carbon neutrality by 2050. To reach this long-term goal, we recognize the need to act and make progress this decade. That's why, in 2021, we proudly launched our 10-year environmental sustainability plan.¹

We recognize the importance for the aviation industry to address its environmental impact. As a hard-to-abate sector (i.e., a sector where decarbonization efforts face complications by technology limitations and/or significant costs), we know there are challenges in achieving this goal. Addressing these challenges requires collaboration across the entire aviation value chain including government, industry associations, energy companies, aircraft and engine manufacturers, and more.

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A truly collaborative journey

A truly collaborative journey lies ahead, and Southwest remains focused on doing its part. In 2021, we proudly announced our long-term goal to achieve carbon neutrality by 2050, along with our near-term, 10-year environmental sustainability plan. Each year through 2030, we plan to maintain carbon emissions at 2019 levels while continuing to grow our operations.²⁴ Our goal is to achieve these objectives through the following actions:

Reduce our carbon emissions per available seat mile (including scope 1 and scope 2 emissions) by at least 20% (as compared with 2019) by 2030 through fleet modernization, route optimization, and other initiatives, excluding use of offsets.

Replace 10% of our total jet fuel consumption with SAF by 2030.

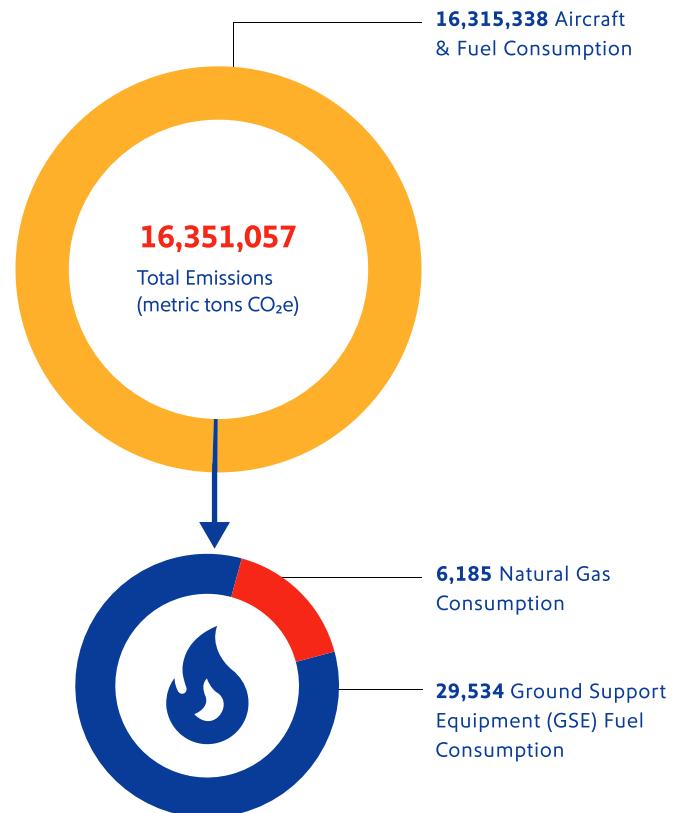
Offset emissions by providing the first U.S.-based airline carbon offset offer with loyalty points, and for every dollar contributed toward offsetting Southwest's carbon emissions, Southwest matches the contribution.²⁵ Learn more at www.SouthwestCO2.com.

Partner with different organizations and nonprofits whose work complements our efforts to improve environmental sustainability, as well as invite our Customers to join us in the effort to show kindness to our Planet.

We intend to align these goals with the U.S. Climate Action Plan, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and industry greenhouse gas emissions targets outlined by Airlines for America (A4A).¹

Our Reduce, Replace, Offset, and Partner pillars represent important next steps in our journey. In the featured stories below, we highlight the progress already underway across each of our pillars.

2021 Scope 1 Emissions Breakdown





Reduce

Whether on the ground or in the air, reducing our carbon emissions intensity is a core part of our environmental sustainability strategy. Through initiatives such as ongoing fleet modernization, new operational efficiencies, ground vehicle electrification, and other initiatives like incorporating SAF into our operations, we plan to achieve our goal of reducing our carbon emissions per available seat mile by at least 20% (as compared with 2019) by 2030.^{1,26}

Because of the direct relationship between our fuel consumption and the cost associated with it, there's strong motivation to pursue fuel efficiency initiatives that minimize fuel consumption and emissions, as well as maintain a low-cost advantage in the airline industry.

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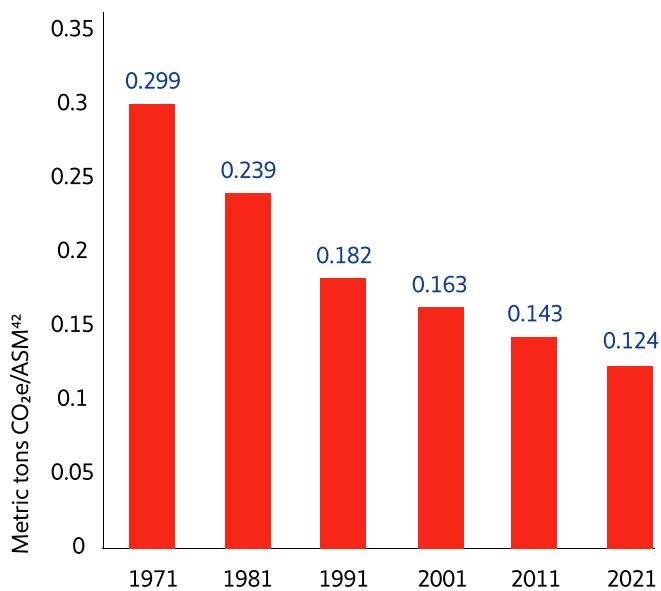
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Historic Jet Fuel Emissions Intensity⁷⁵



Since 2002, Southwest's invested more than \$632 million in fuel efficiency improvements, excluding new aircraft purchases. Initiatives addressing our performance both in the air and on the ground include routinely performing engine washes, single engine taxiing when practicable, using electric ground power when available while aircraft park at airport gates, and installing fuel-saving winglets on all aircraft across our fleet.

In the Air

Our fuel efficiency strategy depends on modernizing our fleet, optimizing our routes, and deploying initiatives, policies, and programs to enhance efficiency during every step of the flight cycle. In 2021, our fuel saving initiatives saved an estimated 7.5 million incremental gallons, and our fuel efficiency (measured in available seat miles (ASMs) per gallon) increased by 4.6% compared with 2019 levels.

New aircraft bring enormous opportunities for Southwest to reduce its carbon emissions intensity. We plan to modernize our fleet with more fuel-efficient Boeing 737 MAX aircraft. The 737 MAX, powered by CFM International LEAP-1B engines, includes design updates such as Boeing's Advanced Technology winglet, which results in less drag and further optimizes the 737 MAX performance, especially on longer-range flights. According to Boeing, these aircraft have a 14% lower rate of fuel burn than the previous generation of 737 aircraft.⁵⁵

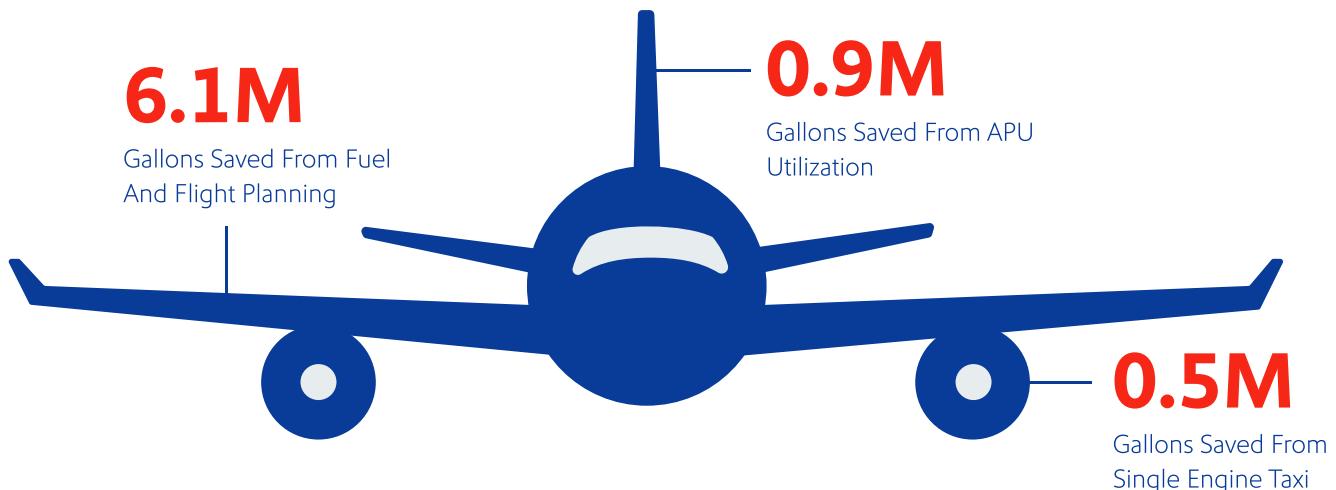
In 2021, we restructured and increased our delivery schedule for MAX aircraft. As of February 2022, our fleet plans included an order book containing 84 MAX firm orders and 30 MAX options for 2022, as well as plans to retire 28 Boeing 737-700 aircraft in 2022, and for 30-35 737-700 retirements annually thereafter.^{1,28} This order book underscores our commitment to modernizing our fleet with more fuel-efficient aircraft. Through such improvements in fleet efficiency, flight optimization, and operational efficiencies, our jet fuel emissions per ASM have reduced 59% since 1971, and in the past twenty years alone our fuel efficiency (ASMs/gallon) has improved by 32%.

We also participate in Required Navigation Performance (RNP) operations as part of the Federal Aviation Administration's (FAA) Performance Based Navigation program, a key component of the Next Generation Transportation System (NextGen), intended to modernize the U.S. air traffic system by addressing limitations on air transportation capacity and making more efficient use of airspace.

RNP combines the capabilities of advanced aircraft avionics, satellite navigation (instead of less precise ground-based navigation), and new flight procedures to enhance navigational and operational capabilities, improve fuel efficiency, and minimize greenhouse gas emissions. The FAA publishes RNP approaches, which, as of December 31, 2021, included 66 of the airports Southwest serves, and our use of these approaches saved more than 750,000 gallons of fuel in 2021 alone. To take advantage of additional technological opportunities to reduce fuel burn, we improved our vertical and lateral flight planning optimization algorithms, and now provide our Flight Crews with more accurate and up-to-date wind data linked to the aircraft, to leverage real-time wind profiles that further reduce fuel consumption.



2021 Incremental Jet Fuel Conservation⁷⁴



On the Ground

On the ground, Southwest continues to electrify ground service equipment fleets. The equipment most suited to electrification includes bag-tugs, belt-loaders, pushbacks, and power stows. As of December 2021, we've electrified 29% of all eligible Southwest ground service vehicles, with plans to increase our total current fleet of more than 1,450 electric-powered vehicles.

We've deployed numerous policies, programs, and practices to encourage fuel-saving behaviors while on the runway and at the jet bridge. Single Engine Taxiing (SET) is performed when practical to conserve fuel and reduce costs. We've included guidance on SET in our Flight Operations Manual, track SET usage over time against targets, and report on missed SET opportunities to improve performance. Additionally, we've implemented procedures to reduce aircraft engine idle speed while on the ground, which also increases engine life.

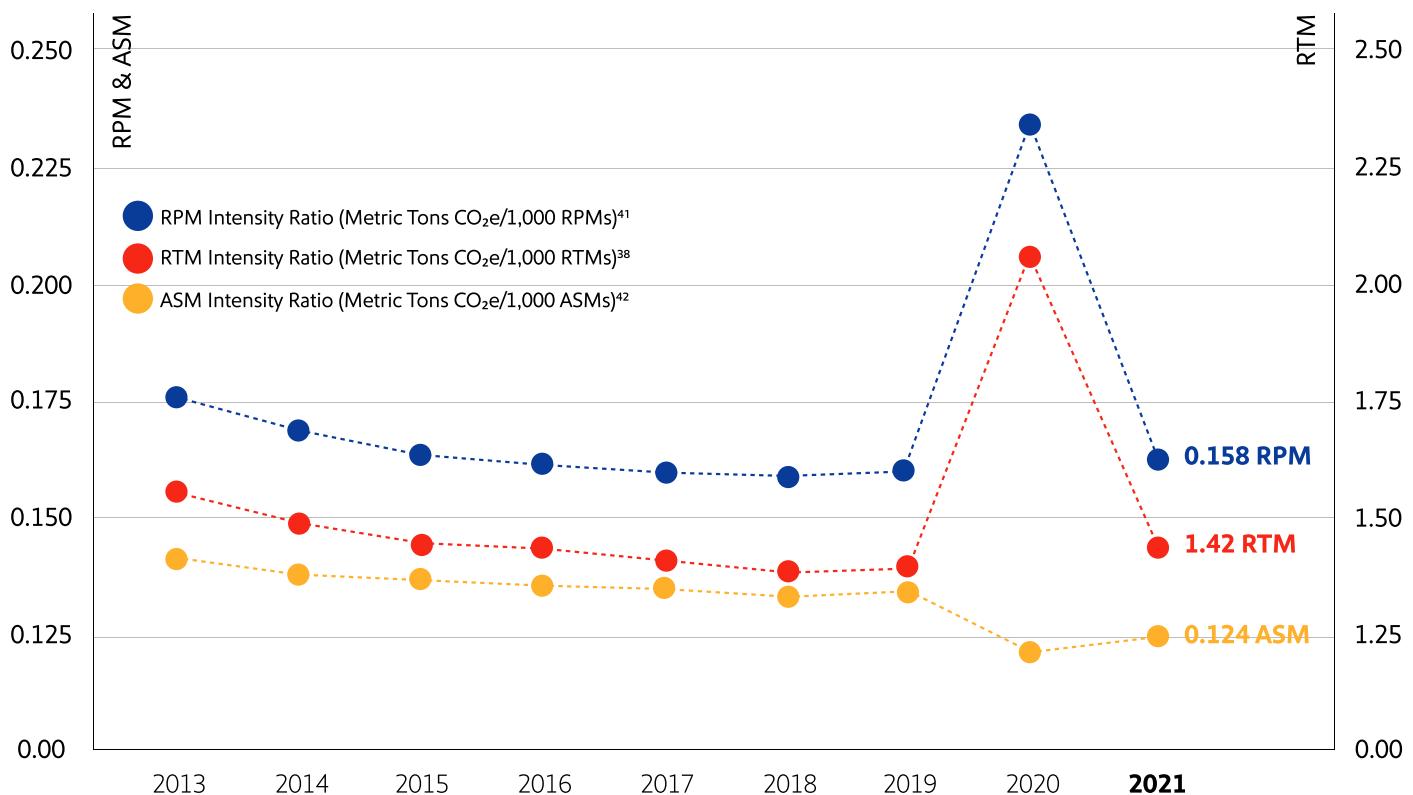
We continue to invest in new technologies to improve our operational efficiency. Our Central Monitoring System (CMS) utilizes the Internet of Things (IoT) to streamline airport ground operations. The CMS allows us to monitor systems and equipment such as baggage handling systems (BHS), glycol (deicing) equipment, Passenger boarding bridges (PBBs), as well as resources like ground power and preconditioned air, in real time. With enhanced digital oversight, we can measure utilization compliance of ground power and preconditioned air equipment while at the gates. Once an aircraft is parked and equipment is plugged in, the system also allows Pilots to shut down the aircraft's auxiliary power unit, which reduces fuel burn. In addition, the CMS proactively responds to equipment that isn't meeting our operational needs. As of December 2021, our CMS is operational in some capacity at 14 airports, with planned expansion to four additional airports in 2022.¹

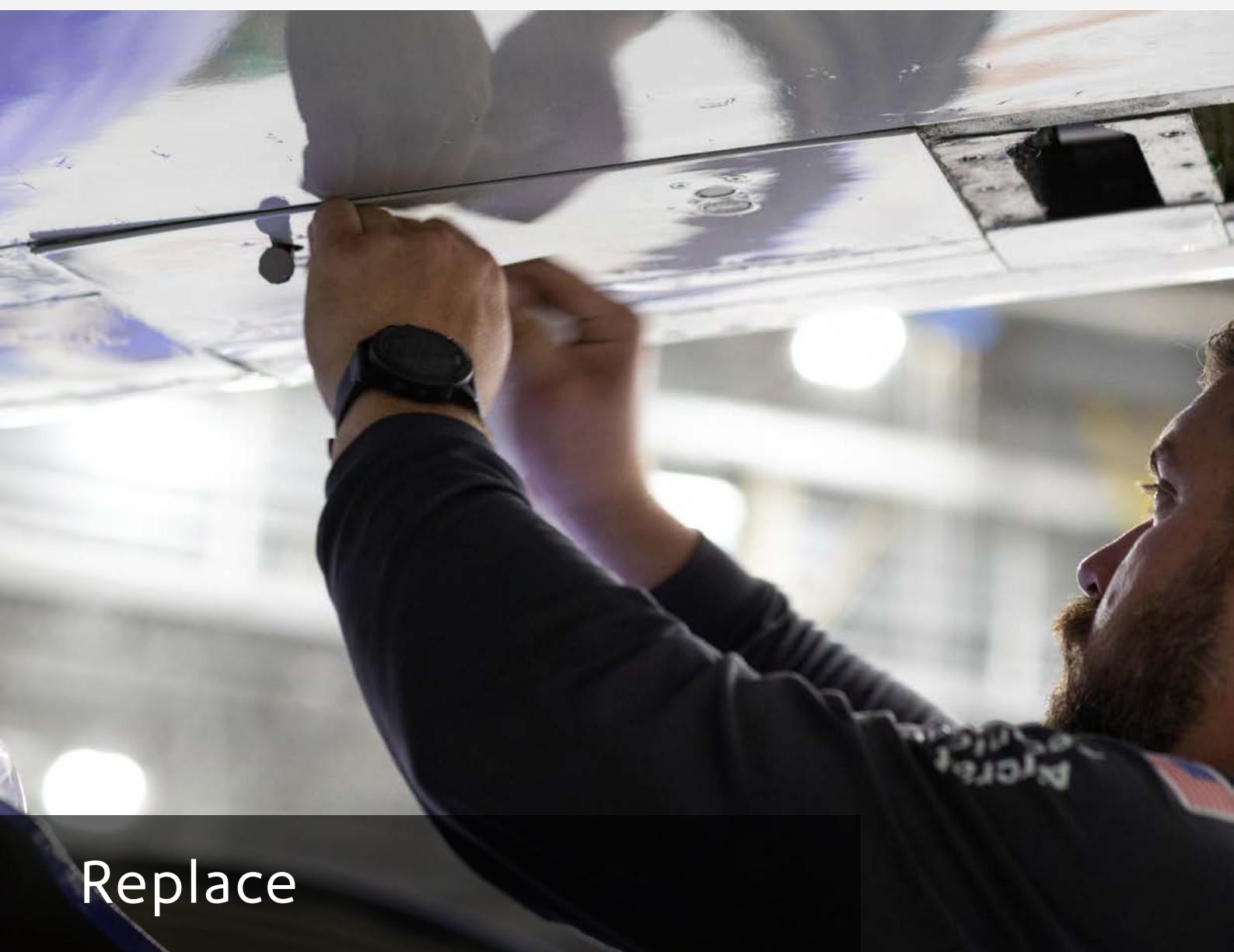


In the air
and on the
ground

CO₂e Intensity Ratio Trends⁷⁶

Calculated using scope
1 & 2 emissions⁷³





Replace

At Southwest, we recognize the critical role SAF plays in our environmental sustainability journey. In 2021, we set a goal to replace 10% of our total jet fuel consumption with SAF by 2030, but we recognize we can't achieve that goal alone. In 2021, the total amount of SAF produced in the world amounted to less than 0.1% of global jet fuel consumption.²⁹ As a member of Airlines for America, we support its goal to work with government leaders and other stakeholders to make three billion gallons of cost competitive SAF available to U.S. aircraft operators by 2030.

We're proud to highlight the important steps we took throughout 2021 to bring us closer to achieving our SAF goals. As a Company, we entered into memoranda of understanding with leading energy companies Phillips 66 and Marathon Petroleum Corporation to facilitate the development and production of commercialized SAF.

Collaboration with these valued partners may include a variety of initiatives—from working together to advocate for SAF policies with governmental agencies, to cooperating to advance research and development toward progressively lower carbon intensities, as well as partnering on initiatives to raise public awareness of SAF's benefits.

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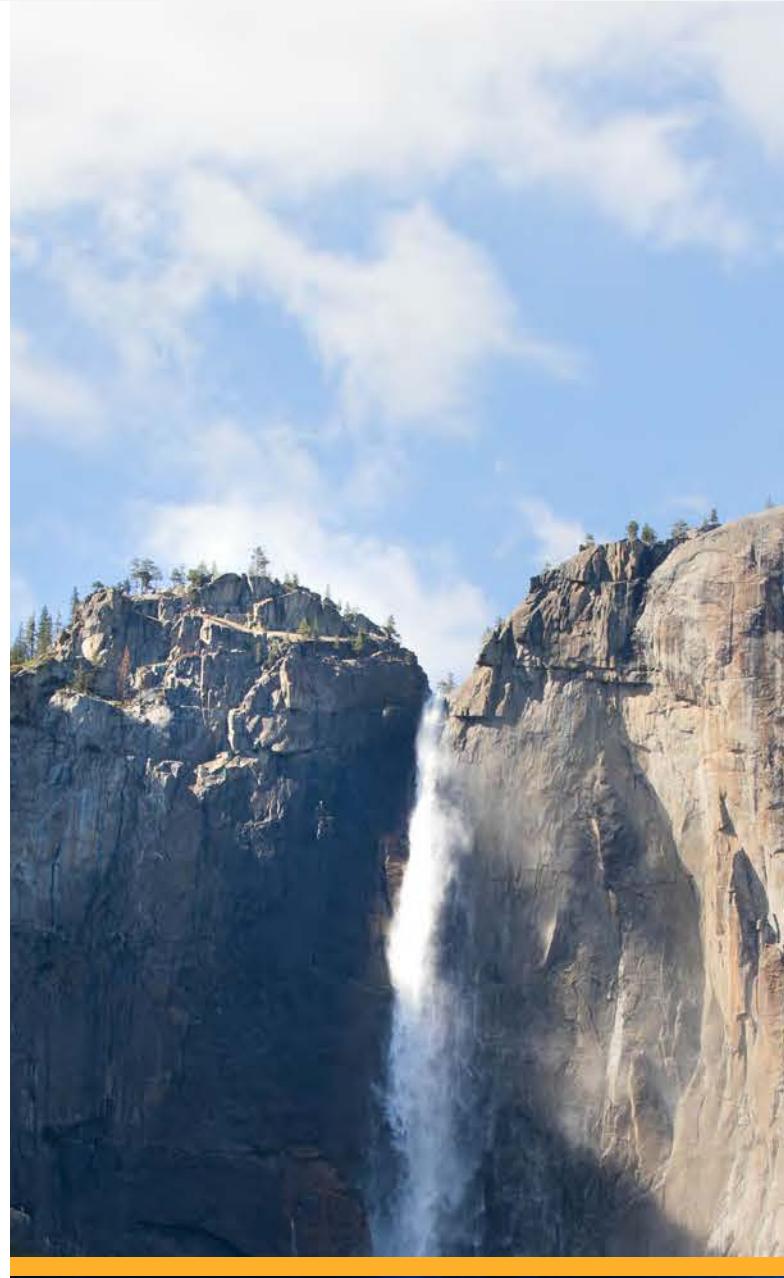
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Southwest also entered into a 15-year offtake agreement with Velocys for 219 million gallons of SAF that, according to Velocys, had the lowest carbon intensity announced as of November 10, 2021.³⁰ As announced by Velocys, once blended with conventional jet fuel, the SAF could produce the equivalent of 575 million gallons of net-zero fuel and avoid 6.5 million metric tons of CO₂ over the life of the offtake agreement.³¹ Through our work with organizations like the U.S. Department of Energy's [National Renewable Energy Laboratory \(NREL\)](#), Southwest embraces opportunities to advance the crucial science needed to develop commercially viable and scalable SAF.

We also established a partnership with Neste, a leading supplier of renewable diesel and SAF, for up to five million gallons of SAF through December 2023, and we plan to engage with select corporate partners including Deloitte and Zurich North America in beta program agreements to support SAF utilization in our operations.

When we all work together to achieve a more sustainable future, we can create lasting impacts. By working with these valued partners, alongside other organizations, we intend to scale-up the SAF industry and bring SAF to market at competitive prices, thus, helping us meet our sustainability goals.¹



"The agreement with Velocys is a major advancement in our environmental sustainability strategy, furthering our goal to replace 10% of our total jet fuel consumption with sustainable aviation fuel by 2030. This new strategic relationship with Velocys could ultimately provide Southwest access to additional significant quantities of sustainable aviation fuel."

MICHAEL AUBUCHON

Senior Director, Fuel Supply Chain Management



Offset

In 2021, we invited our Customers to show our shared Planet some love with the launch of the first U.S.-based airline carbon offset offer with loyalty points.

We're thrilled to partner with [CHOOOSE™](#) to launch a carbon offset offer that allows Customers to earn 10 Rapid Rewards® bonus points per dollar contributed to help Southwest offset its carbon emissions, up to a maximum of 500 Rapid Rewards bonus points per month. Through the program, our Customers can contribute funds for the purchase of offsets for Southwest at [Southwest.com](#), and for every dollar a Customer contributes toward offsetting carbon emissions, Southwest matches the contribution.²⁵

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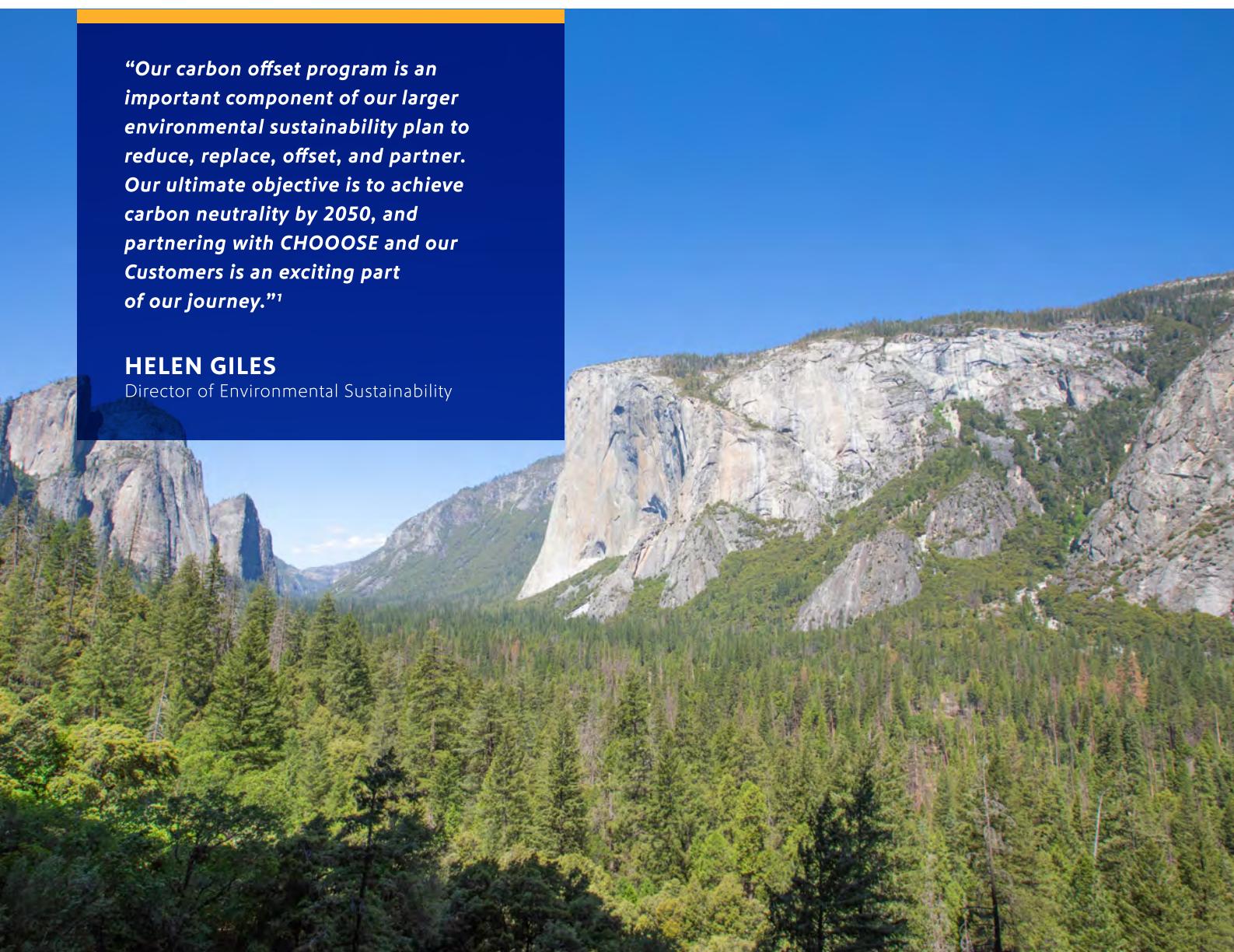
When a Customer contributes funds, those funds purchase carbon offsets sourced from global projects that avoid carbon emissions, including those that protect land that could otherwise undergo significant commercial timber harvesting or avoid unplanned deforestation and degradation.³² While not a long-term solution, supporting verified offset projects is an important and available lever today to build a holistic approach to advancing Southwest's environmental sustainability efforts.³³

In addition to our offset offerings to address our scope 1 air-related emissions, we also purchased Renewable Energy Certificates (RECs) certified by an industry-recognized third-party to target our scope 2 electricity emissions. While fundamentally different instruments with different impacts, both offsets and RECs address our emissions footprint. As of May 2021, we matched 100% of our electricity consumption at our Corporate campus with RECs, while working to develop a comprehensive, longer-term renewable energy strategy for our corporate facilities.

"Our carbon offset program is an important component of our larger environmental sustainability plan to reduce, replace, offset, and partner. Our ultimate objective is to achieve carbon neutrality by 2050, and partnering with CHOOOSE and our Customers is an exciting part of our journey."¹

HELEN GILES

Director of Environmental Sustainability





Partner

Partnerships play a crucial role in Southwest's sustainability efforts, along with government support and collaboration throughout the entire value chain. Southwest's sustainability journey accelerated in 2021, not just because of our actions toward our goals, but because we deepened our partnerships with key organizations to help us achieve them.

Yale University's Center for Natural Carbon Capture

In 2021, we proudly announced a \$10 million commitment to Yale University's Center for [Natural Carbon Capture](#) and Yale's School of the Environment. The purpose of this commitment is to fund activity at the center to research and explore innovative natural solutions to mitigate net greenhouse gas emissions.

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We recognize the importance of supporting initiatives outside of aviation that take a long-term approach to decarbonization. This innovative partnership provides opportunities to support the development of crucial science to combat climate change, including fostering innovative research aimed at advancing efforts to reduce atmospheric greenhouse gas concentrations.

Repurpose With Purpose

We also continue our Repurpose with Purpose program, a global sustainability initiative that upcycles items such as leather seat coverings and transforms them into new products. Through Repurpose with Purpose, Southwest Airlines supports communities by helping to provide employment, skills training, and donated products. In 2021, we repurposed nearly 144,000 pounds of leather seat covers, which reduces the amount of waste sent to landfills while also generating social and economic opportunities for communities.

And as part of our 50th Anniversary celebration, we donated 50,000 pounds of used aircraft leather seat covers to the Metro Nashville Public Schools (MNPS) district to support the expansion of our Repurpose with Purpose program to the public education community—the first time we introduced Repurpose with Purpose to schools.³⁴ Using the repurposed seat covers, empowered MNPS visual art middle and high school students used their creativity to design a new product or wallet art therapy kit for Help Heal Veterans, a nonprofit based in California—and Repurpose with Purpose partner—that provides free kits to hospitalized and homebound veterans to use as a therapeutic and rehabilitation tool.

The National Forest Foundation

To commemorate our milestone 50th Anniversary on Earth Day 2021, we announced a donation to our partner, the [National Forest Foundation](#) (NFF), which allowed us to plant 1,000 trees for each of Southwest's 50 years of service. Once planted, the 50,000 trees support wildfire recovery, restore native ecosystems, improve water and air quality, and reduce soil erosion throughout California, Georgia, and Oregon.

As the trees grow, the carbon they sequester is equivalent to an estimated 25,000 metric tons of carbon dioxide.³⁵ That's similar to emissions from a 737-800 flying 2,700 times between Dallas and Houston, or the aircraft emissions created from flying approximately 45,000 Passengers roundtrip between Oakland and Honolulu.³⁶ We also encouraged Employees and Customers to donate on their own to NFF.

Aviation Climate Taskforce

We're honored to join the [Aviation Climate Taskforce](#) (ACT), a nonprofit with a goal of accelerating breakthroughs in emerging technologies required to decarbonize the aviation sector such as synthetic fuels and direct air capture, as a founding member.

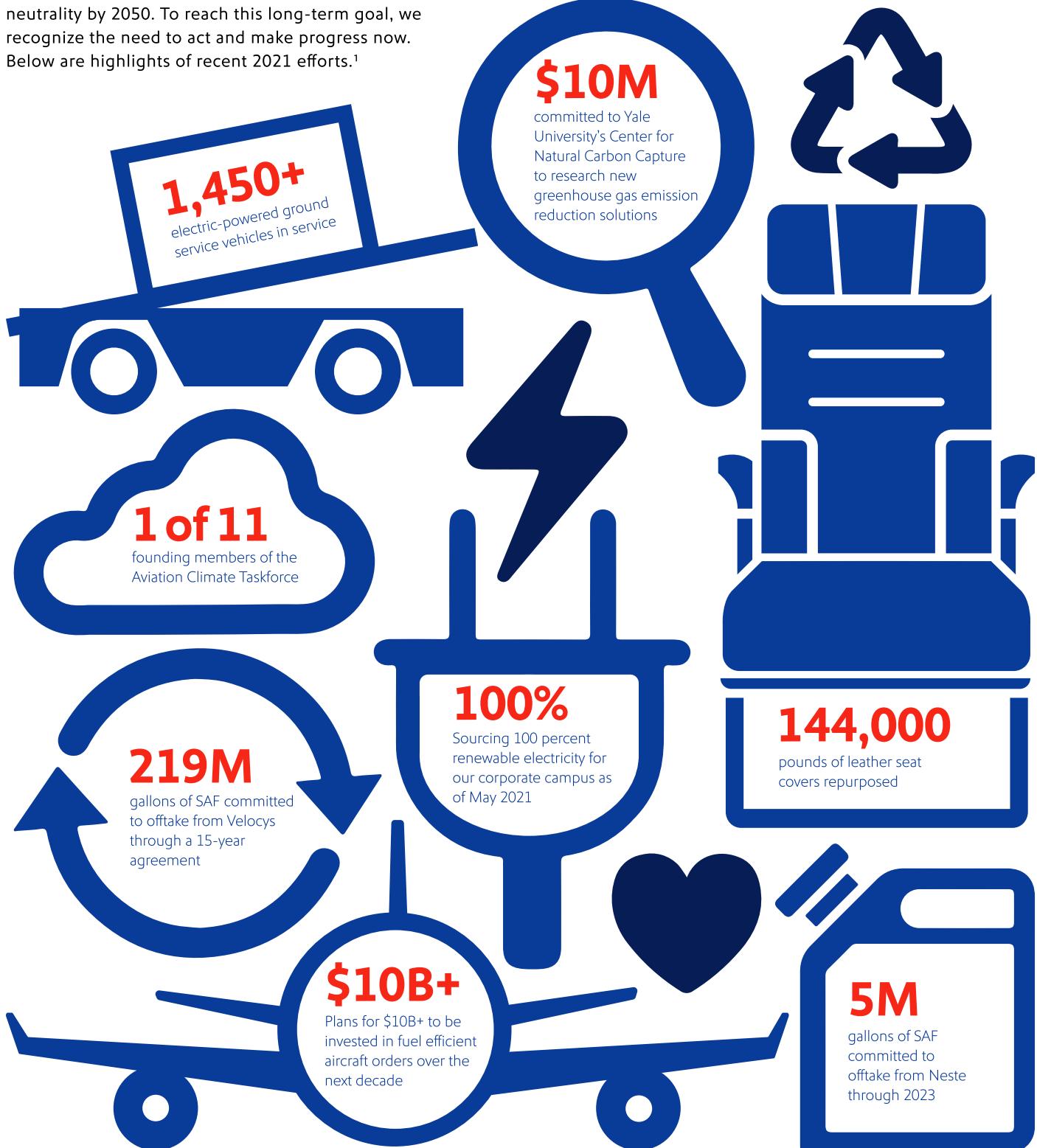
The ACT has expressed plans to support the advancement of these and other technologies aimed at helping air carriers achieve carbon neutrality through an Innovation Network and Collaboration Forum.³⁷ We're excited to collaborate with this innovative group on decarbonizing aviation and advancing the critical science to support that objective.

In addition to the ACT, and other partnerships, we are also working with Airlines for America, whose work complements our sustainability efforts, as well as government entities in supporting investments and incentives to help the industry meet its goals.



Environmental Sustainability Efforts

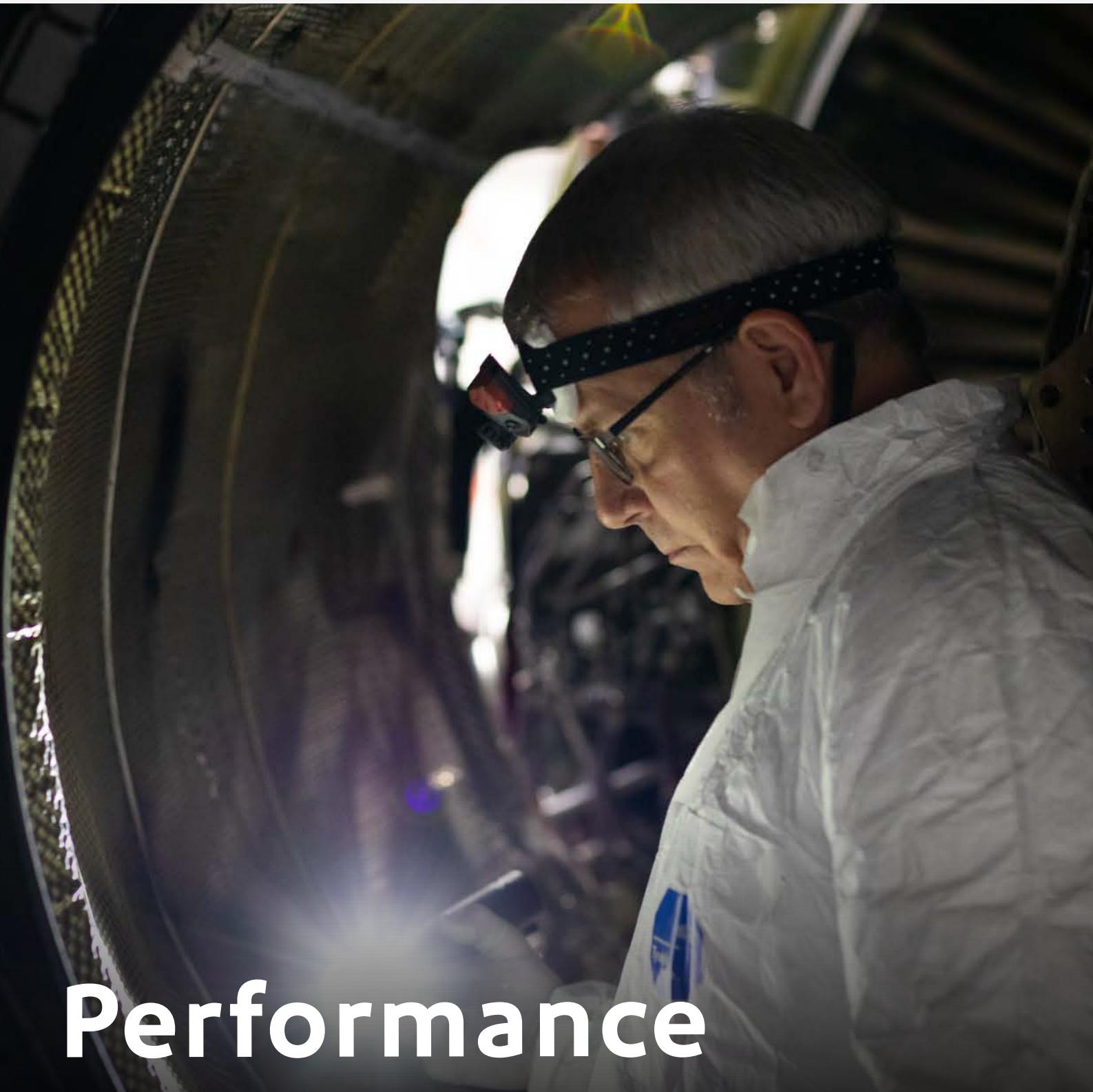
Environmental sustainability remains an ongoing priority for our future and we've set a goal to achieve carbon neutrality by 2050. To reach this long-term goal, we recognize the need to act and make progress now. Below are highlights of recent 2021 efforts.¹



Planet Data Table

Environmental Impacts	2021	2020	2019	2018	2017
Total energy consumption (megawatt-hours (MWh))	64,616,834	49,799,294	81,119,463	81,128,558	79,203,011
Production activity (revenue ton miles (RTMs)) ³⁸	11.6 billion	6.1 billion	14.6 billion	14.8 billion	14.4 billion
Intensity ratio (MWh/1,000 RTMs) ³⁸	5.59	8.16	5.56	5.47	5.52
Water consumption (gallons) ³⁹	79 million	83 million	95 million	99 million	85 million
Intensity ratio (gallons/Employee) ⁸	More than 1,400	Nearly 1,500	Nearly 1,600	Nearly 1,700	More than 1,500
Greenhouse Gas Inventory (Scope 1 and Scope 2 Emissions)	2021	2020	2019	2018	2017
Scope 1 emissions (metric tons of carbon dioxide equivalent (CO ₂ e)) ⁴⁰	16,351,057	12,591,984	20,532,323	20,537,710	20,148,910
Scope 2 emissions (metric tons of CO ₂ e)	34,977	38,334	44,783	46,972	51,634
Total Scope 1 and Scope 2 GHG emissions (metric tons of CO ₂ e)	16,386,035	12,630,318	20,577,106	20,584,682	20,200,544
Intensity ratio (metric tons CO ₂ e/1,000 RPMs) ⁴¹	0.158	0.233	0.157	0.154	0.157
Intensity ratio (metric tons CO ₂ e/1,000 ASMs) ⁴²	0.124	0.122	0.131	0.129	0.131
Intensity ratio (metric tons CO ₂ e/1,000 RTMs) ³⁸	1.42	2.07	1.40	1.39	1.41
Greenhouse Gas Inventory (Scope 3 Emissions)	2021	2020	2019	2018	2017
Waste generated in operations—waste to landfill and burned for energy recovery (metric tons CO ₂ e)	1,600	1,500	2,200	2,100	1,900
Employee commuting—estimate based on survey (metric tons CO ₂ e)	142,200	118,300	151,400	147,200	137,600
Other Air Emissions⁴⁴	2021	2020	2019	2018	2017
NO _x emissions (tons)	6.0	7.1	7.1	6.8	7.1
SO _x emissions (tons)	0.6	0.7	0.7	0.7	0.7

Regulatory Compliance	2021	2020	2019	2018	2017
Number of environmental violations resulting in fines	None	None	1	None	None
Total environmental fines	None	None	\$1,305	None	None
Environmental Conservation	2021	2020	2019	2018	2017
Fuel efficiency (ASMs/gallon) ⁴²	79.2	81.3	75.7	76.3	75.2
Fuel efficiency (RPMs/gallon) ^{41,45}	62.1	42.6	63.3	63.7	63.1
Fuel efficiency (RTMs/gallon) ³⁸	6.9	4.8	7.0	7.1	7.0
Total number of electric Ground Support Equipment (GSE)	1,493	1,439	1,412	1,304	1,215
Purchases of renewable energy certificates (kWh)	More than 39 million	0	More than 25 million	More than 25 million	More than 25 million
Waste Management & Recycling⁴⁶	2021	2020	2019	2018	2017
Total waste generated (tons)	6,808	6,032	9,310	10,599	9,858
Total waste diverted (tons)	1,470	1,503	2,426	3,757	3,737
Percent of total waste recycled	22	25	26	35	38
Recycled co-mingled waste—paper, plastic, aluminum, and cardboard (tons)	Nearly 600	Nearly 950	Nearly 1,600	Nearly 3,000	More than 3,000
Recycled industrial waste (tons)	543	423	584	568	730
Hazardous waste generated (tons)	16.1	25.7	27.4	29.2	21.6
Hazardous waste managed through recycling and beneficial reuse (tons)	11.5	19.1	22.3	20.6	17.2
Intensity ratio (pounds of hazardous waste generated/aircraft)	44	72	73	78	61



Performance

We ended 2021 on a high note with our first quarterly profit, excluding special items,⁴⁷ since fourth quarter 2019 before the COVID-19 pandemic began. While the pandemic continues to present challenges, our balance sheet strength and liquidity remain best in class in the U.S. airline industry. Restoring our route network remains a top priority; however, we remain focused on the basics in 2022: getting properly staffed; focusing on our People and Culture; getting back to our historic operational Reliability and efficiency; restoring our Customer Service advantage; and returning to consistent profitability.¹



2021 Financial Results

The COVID-19 pandemic affected our 2021 financial performance; however, bottom-line results improved compared with 2020, driven by a significant rebound in leisure travel demand during peak periods, along with gradually improving business travel demand. While our financial performance remains below pre-pandemic levels, we believe that our low-cost business model and our People's ability to deliver Legendary Customer Service position us with opportunities to restore and expand our route network in the coming years.¹

UN SDG Alignment



GRI Index

201-1
201-4

We continued to experience unpredictable pandemic-related impacts to passenger demand and bookings throughout 2021. Modest improvements in leisure demand and bookings began in mid-February 2021 and accelerated during second quarter 2021 due to declining, reported COVID-19 cases throughout the United States, the easing of travel restrictions, and an increase in the number of individuals vaccinated. This momentum led to July 2021 leisure passenger traffic and fares both above July 2019 levels. Because of surging COVID-19 cases due to the Delta variant in August and September 2021, we experienced softness in bookings and elevated trip cancellations. We experienced a lesser impact in December 2021 as COVID-19 cases rose again due to the Omicron variant. Despite these impacts, overall leisure demand and fares remained solid in third and fourth quarter 2021 as travel demand rebounded quickly and remained resilient through the holiday period in fourth quarter 2021. Managed business revenues improved throughout 2021, ending December 2021 down 50% compared with December 2019.

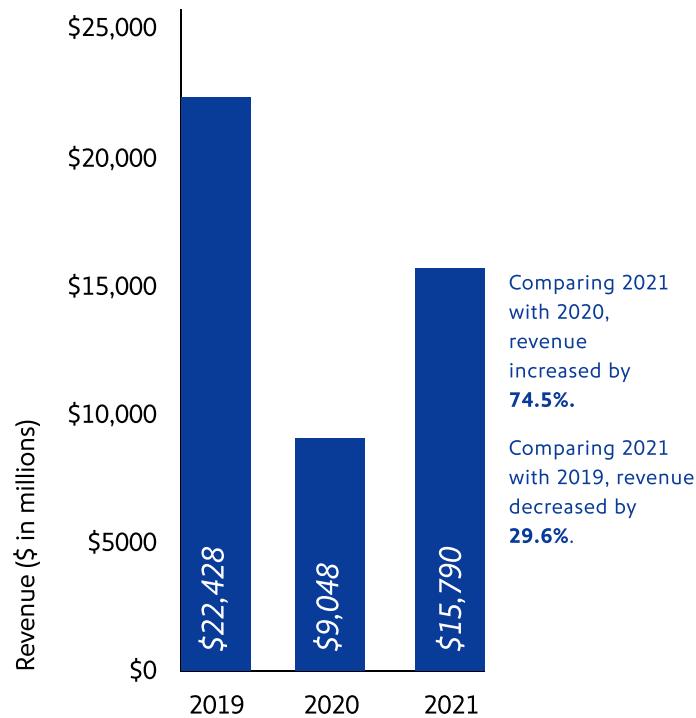
We ended 2021 with our first quarterly profit, excluding special items, since fourth quarter 2019 before the COVID-19 pandemic began.⁴⁷ Our full year 2021 net income was \$977 million, driven by \$2.7 billion of proceeds received from the U.S. government under its payroll support program. Excluding this temporary benefit to salaries, wages, and benefits expense and other special items, our full year net loss was \$1.3 billion.

The unpredictable nature of travel demand, combined with our increase in capacity and the reduction in our available workforce, contributed to periodic operational challenges, primarily in late summer and October 2021. In response, we moderated our fourth quarter 2021 capacity to adjust to lower available staffing levels, which provided necessary relief to our operation. In addition, we added thousands of new Employees in the second half of 2021, and plan to add at least 8,000 Employees in 2022 in order to support our flight schedules this year and beyond as we plan to restore the majority of our route network by the end of 2023.¹ We continued to experience inflationary cost pressures in 2021, primarily in salaries, wages, and benefits, as well as airport costs. We experienced negative impacts to our operating costs per available seat mile due to lower capacity levels, which resulted in lower asset utilization and productivity. As we work toward our goal of restoring the majority of our route network through the end of 2023, we expect to regain better operating leverage and improve our productivity metrics to near-2018 levels.¹

Despite the pandemic challenges, we achieved major accomplishments in 2021. We celebrated our 50th Anniversary, added 14 new airports, and returned the Boeing 737 MAX into service. We also implemented a new aircraft maintenance, planning, and record-keeping system and completed our launch of industry-standard corporate bookings through multiple Global Distribution System (GDS) platforms. The enhancement of our GDS channel strategy complements our expansion of direct connect via Airline Tariff Publishing Company's (ATPCO) New Distribution Capability (NDC) Exchange and existing booking options, with the goal of distributing our everyday low fares to more corporate travelers through their preferred channel.

While we continue to navigate a choppy pandemic recovery, we remain optimistic about our future. We'll reinforce and build upon the core strengths of Southwest with several initiatives that we expect to create value and deliver financial benefits as we work to restore our route network and position ourselves for future growth opportunities.¹

Operating Revenues



Reporting On Business Performance

Southwest's Annual Report to Shareholders provides an overview of our business and financial performance in 2021. The Annual Report also includes a discussion of our business, risks factors, Management's Discussion and Analysis of Southwest's Financial Condition and Results of Operations, and audited financial statements.

[Read our 2021 Annual Report.](#)

Southwest's Proxy Statement, provided to Shareholders in advance of the Annual Meeting of Shareholders, describes matters up for Shareholder vote, and includes executive compensation information.

[View the complete 2022 Proxy Statement.](#)



Our 2021 Performance: At a Glance

74.5%

increase in operating revenue from 2020

\$15.5B

yearend cash and short-term investments

728

Boeing 737 aircraft⁴⁸

\$1.3B

annual net loss excluding special items⁴⁷

78.5%

load factor

\$2.3B

net cash provided by operations

121

airports served

55,093

full-time Employees³



10-Year Summary

Our 10-Year Summary shows consistent profitability prior to the COVID-19 pandemic. In the decade leading up to 2020, we significantly increased our cities served, and further strengthened our robust network of point-to-point service. We increased our capacity and fleet, introduced near-international service, and added thousands of Employees to our Southwest Family. Our solid execution led to increased earnings per share and returns to Shareholders. While the pandemic persists, our financial performance in 2021 marked improvement over 2020. We remain laser-focused on this momentum as we navigate the pandemic recovery period and strive to return to consistent profitability.

UN SDG Alignment



GRI Index

201-1

10-Year Summary

(Dollars in millions except per share amounts, unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Selected Consolidated Financial Data										
<i>Operating revenues</i>										
Passenger	\$14,066	\$7,665	\$20,776	\$20,455	\$19,763	\$19,068	\$18,299	\$17,658	\$16,721	\$16,093
Freight	187	161	172	175	173	171	179	175	164	160
Special revenue adjustment	-	-	-	-	-	-	172	-	-	-
Other	1,537	1,222	1,480	1,335	1,210	1,050	1,170	772	814	835
Total operating revenues	15,790	9,048	22,428	21,965	21,146	20,289	19,820	18,605	17,699	17,088
Operating expenses	14,069	12,864	19,471	18,759	17,739	16,767	15,821	16,437	16,478	16,502
Operating income (loss)	1,721	(3,816)	2,957	3,206	3,407	3,522	3,999	2,168	1,221	586
Other expenses (income), net	396	440	-	42	142	72	520	352	12	(99)
Income (loss) before income taxes	1,325	(4,256)	2,957	3,164	3,265	3,450	3,479	1,816	1,209	685
Provision (benefit) for income taxes	348	(1,182)	657	699	(92)	1,267	1,298	680	455	264
Net income (loss)	\$977	\$(3,074)	\$2,300	\$2,465	\$3,357	\$2,183	\$2,181	\$1,136	\$754	\$421
Net income (loss) per share, basic	\$1.65	\$(5.44)	\$4.28	\$4.30	\$5.58	\$3.48	\$3.30	\$1.65	\$1.06	\$0.56
Net income (loss) per share, diluted	\$1.61	\$(5.44)	\$4.27	\$4.29	\$5.57	\$3.45	\$3.27	\$1.64	\$1.05	\$0.56
Cash dividends per common share	\$0.0000	\$0.1800	\$0.7000	\$0.6050	\$0.4750	\$0.3750	\$0.2850	\$0.2200	\$0.1300	\$0.0345
Total assets	\$36,320	\$34,588	\$25,895	\$26,243	\$25,110	\$23,286	\$21,312	\$19,723	\$19,177	\$18,350
Long-term debt less current maturities	\$10,274	\$10,111	\$1,846	\$2,771	\$3,320	\$2,821	\$2,541	\$2,434	\$2,191	\$2,883
Stockholders' equity	\$10,414	\$8,876	\$9,832	\$9,853	\$9,641	\$7,784	\$7,358	\$6,775	\$7,336	\$6,992

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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Consolidated Financial Ratios

Return on average total assets	2.8%	(10.2)%	8.8%	9.6%	13.9%	9.8%	10.6%	5.8%	4.0%	2.3%
Operating margin	10.9%	(42.2)%	13.2%	14.6%	16.1%	17.4%	20.2%	11.7%	6.9%	3.4%
Net margin	6.2%	(34.0)%	10.3%	11.2%	15.9%	10.8%	11.0%	6.1%	4.3%	2.5%
Enplaned passengers (000s)	123,264	67,785	162,681	163,606	157,677	151,740	144,575	135,767	133,155	133,978
RPMs (in millions) ⁴¹	103,562	54,221	131,345	133,322	129,041	124,798	117,500	108,035	104,348	102,875
ASMs (in millions) ⁴²	132,006	103,456	157,254	159,795	153,811	148,522	140,501	131,004	130,344	128,137
Passenger load factor ⁴³	78.5%	52.4%	83.5%	83.4%	83.9%	84.0%	83.6%	82.5%	80.1%	80.3%
Average length of passenger haul (miles)	1,045	1,002	980	988	991	1,001	994	978	966	941
Average stage length (miles) ⁵⁰	790	743	748	757	754	760	750	721	703	693
Aircraft utilization (hours and minutes per day)	9:52	8:52	11:10	11:10	11:11	11:08	11:13	10:54	10:45	10:55
Trips flown	1,066,934	897,540	1,367,727	1,375,030	1,347,893	1,311,149	1,267,358	1,255,502	1,312,785	1,361,558
Average passenger fare ⁵¹	\$141.92	\$141.72	\$154.98	\$151.64	\$151.73	\$152.89	\$154.85	\$159.80	\$154.72	\$147.17
Passenger revenue yield per RPM ⁵²	13.58¢	14.14¢	15.82¢	15.34¢	15.32¢	15.28¢	15.57¢	16.34¢	16.02¢	15.64¢
Operating revenue yield per ASM ⁵³	11.96¢	8.75¢	14.26¢	13.75¢	13.75¢	13.66¢	13.98¢	14.20¢	13.58¢	13.34¢
Operating expenses per ASM ⁵⁴	10.66¢	12.43¢	12.38¢	11.74¢	11.53¢	11.29¢	11.26¢	12.55¢	12.64¢	12.88¢

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating expenses per ASM, excluding fuel	8.15¢	10.65¢	9.62¢	8.85¢	8.88¢	8.73¢	8.60¢	8.46¢	8.17¢	8.07¢
Fuel cost per gallon, including tax	\$1.98	\$1.45	\$2.09	\$2.20	\$1.99	\$1.90	\$1.96	\$2.97	\$3.19	\$3.32
Fuel consumed, in gallons (millions)	1,668	1,273	2,077	2,094	2,045	1,996	1,901	1,801	1,818	1,847
Active, full-time equivalent Employees at year-end ⁸	55,093	56,537	60,767	58,803	56,110	53,536	49,583	46,278	44,831	45,861
Aircraft at year-end ⁴⁸	728	718	747	750	706	723	704	665	681	694
Average age of fleet (years)	13	12	12	11	11	12	12	12	11	11





Growing Our Robust Network

Southwest's unique point-to-point network, low fares, and famous Hospitality make us an attractive choice for Customers in cities across the United States and near-international destinations. Our near-term plans focus on restoring the majority of the depth of our pre-pandemic network, optimizing the breadth of our network, and continuing to provide Southwest's Legendary Customer Service.¹

UN SDG Alignment



GRI Index 201-1



Expanding Our Network

Since the onset of the pandemic, we announced 18 new airports to our route map, leveraging additional airports in or near cities where our Customer base is large, along with adding easier access to popular leisure-oriented destinations from across our domestic-focused, point-to-point network. We also expanded our service to Hawaii in 2021, with the addition of four new gateways to the state (Los Angeles, Las Vegas, Long Beach, and Phoenix), as well as 18 new routes connecting the Hawaiian Islands to the U.S. mainland since 2020. New leisure destinations, and expanded service to Hawaii, utilized aircraft and Employees that otherwise remained underutilized during the pandemic.

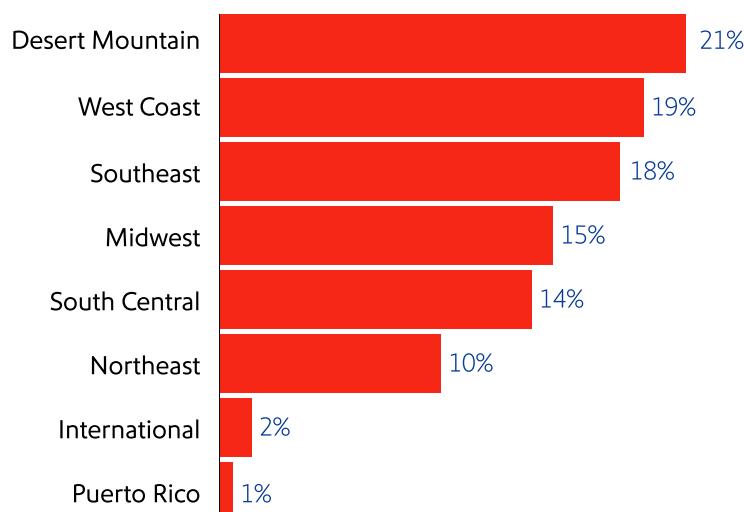
Our network plans for 2022 focus on beginning to restore the depth of our pre-pandemic network while better optimizing our network's breadth. In support of these goals, we expect our 18 new airports and Hawaii expansion launched during the pandemic to continue maturing toward system-level performance. We anticipate adding back trips (i.e., frequency) to the network that existed prior to the pandemic to provide opportunities to re-establish travel demand, primarily business travel, in historically strong Southwest markets, as well as benefit the overall Reliability of the operation. Since June 2020, we've launched approximately 80 new routes within our pre-pandemic network, with 66 airports receiving new nonstop service (excluding new airports and Hawaii).⁷² We plan to restore network depth through 2023 as hiring ramps up, we receive expected aircraft deliveries and put them into service, and business demand continues its expected recovery.¹



System Map

Capacity By Region

as of December 2021



Top 10 Airports

Daily departures (on December 13, 2021)

01 DEN: 193 Denver	06 PHX: 144 Phoenix
02 LAS: 154 Las Vegas	07 HOU: 121 Houston Hobby
03 DAL: 150 Dallas Love Field	08 BNA: 103 Nashville
04 BWI: 149 Baltimore-Washington	09 MCO: 85 Orlando
05 MDW: 145 Chicago Midway	10 AUS: 77 Austin



Our Fleet

We ended the year with 728 Boeing 737 aircraft in our fleet, the largest Boeing fleet in the world.

After a nearly two-year grounding in response to the Federal Aviation Administration's emergency order, our Boeing 737 MAX (MAX) aircraft returned to revenue service on March 11, 2021. We satisfied applicable FAA requirements by modifying certain operating procedures, implementing enhanced Pilot training requirements, installing FAA-approved flight control software updates, and completing other required maintenance tasks specific to the MAX aircraft prior to returning the aircraft to revenue service.

UN SDG Alignment



SASB

- TR-AL-110a.2
- TR-AL-110a.3
- TR-AL-540a.1

GRI Index

- 403-1
- 403-2
- 403-5
- 404-1
- 416-1

The Safety of our Employees and Customers is our top priority. Our Southwest Flight Operations Leadership Team reviewed and expressed confidence in the MAX software and training updates prior to returning the aircraft to revenue service. Additionally, aviation regulators from countries around the world reviewed the updates and the FAA's new requirements.

At Southwest, we only operate Boeing 737 aircraft, and our Pilots receive extensive training and experience flying the aircraft. Prior to returning the MAX to revenue service, Southwest Pilots completed additional FAA-required flight training in one of our nine MAX simulators and completed additional FAA-required computer-based training covering MAX procedures. Additionally, we conducted more than 200 readiness flights on our MAX fleet and completed the software updates and thousands of hours of work and inspections before any of our Customers once again boarded a Southwest MAX aircraft.

We are confident in the MAX—it's our growth aircraft for the future. As compared with the prior generation of 737 aircraft, the MAX provides increased range, improved flight deck capabilities, a quieter engine, and approximately 14% greater fuel efficiency.⁵⁵

In March 2021, we restructured and increased our delivery schedule for MAX aircraft including Boeing's 737-7 aircraft, the successor aircraft to its 737-700 model. This delivery schedule offers tremendous flexibility for our fleet plans through 2031 and underscores our commitment to modernizing our fleet with more fuel-efficient aircraft. We took delivery of 28 737-8 aircraft in 2021, and as of February 2022, our order book with Boeing contains 84 MAX firm orders and 30 MAX options for 2022. We intend to take delivery of all 114 MAX aircraft in 2022. Our order book provides the flexibility to determine the right mix between utilizing aircraft for growth and executing our fleet modernization program. More than half of the MAX aircraft in our current firm order book will replace a significant amount of our approximately 450 737-700 aircraft over the next 10 to 15 years to support the modernization of our fleet, a key component of our environmental sustainability efforts.¹



Fleet Composition

 = 10% (rounded)

728

Total Boeing 737 Fleet (as of December 31, 2021)



Performance Data Table

(Dollars in millions except per share amounts, unaudited)

Consolidated Highlights

Year ended December 31,	2021	2020	Change
Operating revenues	\$15,790	\$9,048	74.5%
Operating expenses	\$14,069	\$12,864	9.4%
Operating income (loss)	\$1,721	\$(3,816)	n.m.
Operating margin	10.9%	(42.2)%	53.1pts.
Net income (loss)	\$977	\$(3,074)	n.m.
Net margin	6.2%	(34.0)%	40.2pts
Net income (loss) per share - basic	\$1.65	\$(5.44)	n.m.
Net income (loss) per share - diluted	\$1.61	\$(5.44)	n.m.
Stockholders' equity	\$10,414	\$8,876	17.3%
Stockholders' equity per common share outstanding	\$17.58	\$15.03	17.0%
Revenue passengers carried (000s)	99,111	54,088	83.2%
Revenue passenger miles (RPMs) (in millions) ⁴¹	103,562	54,221	91.0%
Available seat miles (ASMs) (in millions) ⁴²	132,006	103,456	27.6%
Trips flown	1,066,934	897,540	18.9%
Passenger load factor ⁴⁹	78.5%	52.4%	26.1pts.
Passenger revenue yield per RPM (cents) ⁵²	13.58	14.14	(4.0)%
Operating revenue yield per ASM (cents) ⁵³	11.96	8.75	36.7%
Operating expenses per ASM (cents) ⁵⁴	10.66	12.43	(14.2)%
Aircraft at end of period ⁴⁸	728	718	1.4%
Average age of fleet (years)	13	12	8.3%
Active fulltime equivalent Employees at year-end ⁸	55,093	56,537	(2.6)%

Reconciliation of Reported Amounts to Non-GAAP Items⁴⁷

(Dollars in millions, unaudited)

Year ended December 31,	2021
Net income, as reported	\$977
Deduct: Payroll support and voluntary Employee programs, net	(2,960)
Deduct: Contracts settling in the current period, but for which losses were reclassified from AOCI ⁵⁵	(8)
Deduct: Interest rate swap agreements terminated in a prior period, but for which losses were reclassified from AOCI ⁵⁶	(3)
Deduct: Mark-to-market impact from fuel contracts settling in current and future periods ⁵⁶	(7)
Add: Loss on partial extinguishment of convertible notes	28
Add: Impairment of long-lived assets	12
Add: Net income tax impact of special items ⁵⁷	690
Net loss, excluding special items	\$(1,271)



Governance

Sound governance is a fundamental principle at Southwest. We strive to maintain the highest standards of ethical conduct and are proud of Southwest's history of strong corporate governance, beginning with the Company's Board of Directors.



Executive Leadership Transition

In February 2022, Bob Jordan took the reins as CEO of Southwest, succeeding Gary Kelly, who assumed his new role as Executive Chairman. With our approach to developing great Leaders, our deep Leadership bench, and our thoughtful preparation, we have confidence in a continued smooth CEO transition.

Serving as Southwest's CEO for nearly two decades, Gary's remarkable Leadership guided our Company through significant transformation, as well as some of the airline industry's most turbulent times. A 35-year Southwest veteran, Gary began his career at Southwest Airlines as Controller, moving up to Vice President & Chief Financial Officer (CFO), then Executive Vice President & CFO, before his promotion to CEO in 2004. Gary has served as Chairman of the Board of Directors since 2008.

Gary's Leadership as CEO through several major initiatives, including the acquisition of AirTran Airways, the launch of international destinations for the first time in Southwest's history, the roll out of a new frequent flyer program, the repeal of the Wright Amendment, the implementation of a new reservation system, and much more, created a strong foundation for Southwest's success moving forward. Gary accomplished all of this while staying true to the Company's Values and People-centric Culture. Among his significant achievements, Gary's biggest source of pride is the fact that Southwest Airlines has never had a single involuntary layoff or furlough in the airline's 50-year history.⁶²

Effective February 1, 2022, Bob Jordan, a long-time Southwest executive with broad and deep experience, began his role as CEO. Since joining the airline in 1988, he has served in various roles, including Controller, Vice President Purchasing, Vice President Technology, Executive Vice President & Chief Commercial Officer, Executive Vice President Corporate Services, Executive Vice President & Chief Commercial Officer, and Executive Vice President & Incoming Chief Executive Officer. During his tenure, he's led numerous transformational projects, including the acquisition and integration of AirTran Airways, the development of the new Southwest.com e-commerce platform, the revamp of the Rapid Rewards® loyalty program, the comprehensive "Heart" brand refresh in 2014, and significant domestic and international network expansion. Most recently, Bob led the efforts for the Company's voluntary leave and early separation programs, key to reducing the airline's labor expenses during the pandemic and instrumental in avoiding involuntary layoffs, pay cuts, and furloughs.

Working side by side for more than 30 years, Gary and Bob built a strong foundation for this transition. With Gary as a close mentor, Bob has been a critical part of our strategic planning while serving broad Leadership roles throughout his career at Southwest. Equally passionate about Southwest and our People, Gary and Bob worked together to set the course for Southwest and build on our great momentum.



"On behalf of the Southwest Airlines Board of Directors, I'm delighted to announce Bob Jordan as CEO. Bob and I have worked side by side for more than 30 years. He is a gifted and experienced Executive and well-prepared to take on this important role."

GARY KELLY

Executive Chairman of the Board and Former CEO

Additional Leadership Changes

In addition to the CEO transition, the Company announced several additional Executive Leadership appointments throughout 2021. Chief Operating Officer Mike Van de Ven was named Southwest's President & Chief Operating Officer, succeeding Tom Nealon as President, who continues to serve our airline as a strategic advisor, focusing primarily on our environmental sustainability plans. We're grateful for Tom's countless contributions to Southwest over the years—they're many and immeasurable. Mike is a talented and dedicated Leader, directly contributing to our success during his 29 years serving Southwest and our People.

We also announced the appointment of David Hess and Christopher P. Reynolds to our Board of Directors.⁶⁸ Both exceptional Leaders, Hess and Reynolds bring a wide range of experiences, diversity in Culture, perspectives, and thought Leadership to our Board of Directors.

With a strong background in senior executive leadership roles across the aerospace and defense sectors, Hess brings deep industry experience, a proven track record, a collaborative style, and a strong technical background to our Board of Directors. Reynolds's extensive knowledge and expertise in both the manufacturing and legal professions brings a vision for innovation, teamwork, and building strong corporate cultures.

Building Great Leaders

Southwest is grateful for a strong Leadership Team, and our Board of Directors provides oversight of succession planning for top Leadership roles. Our ongoing commitment to Leadership development equips Southwest with a deep bench of talented Leaders.

We believe support is a key part of every Leader's empowerment. Within our Leadership development process, internal learning and development programs provide a foundation and community of peers that grow together and learn from each other. Knowing the organization supports them further reinforces the belief that Leaders can achieve anything and grow in any direction they choose.

We're committed to helping every Leader shine in their role, and we support future Leaders as they learn and develop throughout their careers. Combined with mentorship and coaching, Southwest empowers its Leaders to try new things, experiment, learn new skills, and become experts. Gary took these values to Heart and throughout his nearly two decades as an outstanding CEO for Southwest, he developed an excellent group of Senior Leaders to shepherd the airline into its next 50 years.



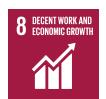


Human Rights Policy

We remain committed to doing the right thing to protect and promote human rights in our business and seeks to be steadfast in guarding against human rights abuses by complying with applicable laws and establishing and upholding appropriate policies.

In 2021, we launched our [Human Rights Policy Statement](#), which outlines our approach to human rights. It conveys how our support of human rights extends across many aspects of our business, including our recruitment efforts; how we train, treat, and equip our Employees; our commitment to Hospitality and civility (both internally and externally); our dedication to an ethical supply chain; and the support we provide to a variety of organizations in service to our communities.

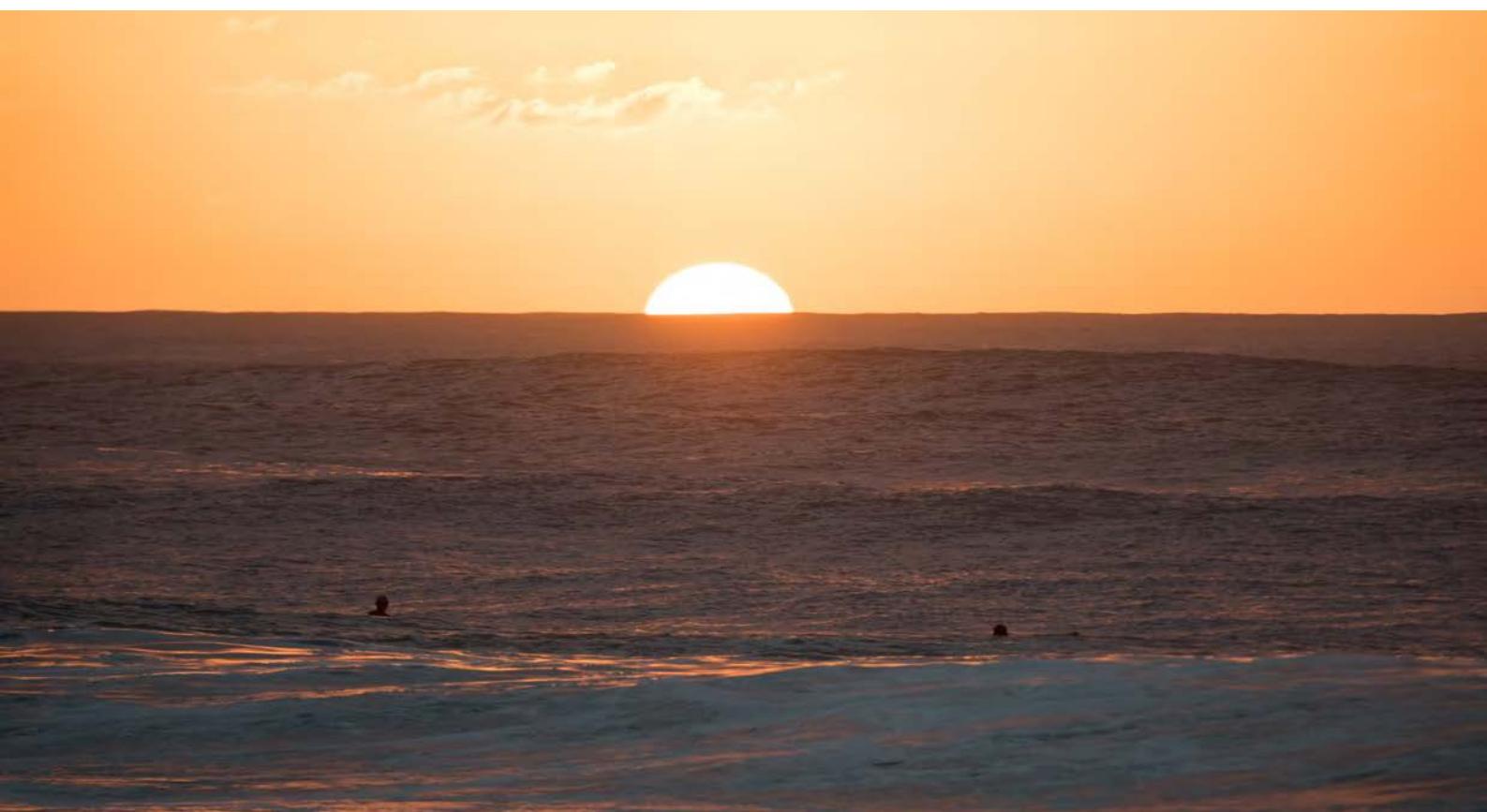
UN SDG Alignment



Freedom happens now.

Designed to align with international standards, our approach to human rights includes the UN Guiding Principles for Business and Human Rights⁵⁸, the International Bill of Human Rights⁵⁹, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.⁶⁰ As a Company, we strive to maintain the highest standards of ethical business practices and legal and regulatory compliance as stated in our [Code of Ethics](#). In addition, we regularly evaluate our approach to human rights and assess our impact in all aspects of our business.

Southwest supports human rights as an employer, a business partner, and a global citizen. We seek to serve the interests of our Employees, Customers, Shareholders, and other Stakeholders by acting as a good global citizen, fostering a creative and innovative workforce, and giving back to the communities we serve.



Key Topics

Southwest recognizes the importance of key topics in our environmental, social, and governance efforts, as these key topics help us strategically address ESG issues that matter most to our business and our Stakeholders.

In 2020, Southwest completed a formal assessment, conducted by an independent third party, to identify the most relevant ESG topics according to our Stakeholders. This included interviews with Southwest Executive Leadership, the Southwest Citizenship Executive Steering Group, and Southwest Cross-Functional Working Groups. A full list of engagement methods by Stakeholder group is listed in the table below.

Due to changing dynamics in our operating environment, we believe that Southwest's key topics will logically shift over time. Major events (e.g., the COVID pandemic as well as recent hiring/retention efforts) and increased environmental and social topic focus over the past two years have resulted in changes to our operating environment. We have supplemented our 2020 key topics to include those topics most relevant for 2021, as identified through ongoing engagement with our internal and external Stakeholders.

Employees	Social	Economic	Environment	Governance
Employee Health & Safety	Customer Health & Safety	Crisis Management	Fuel & Energy	Ethics
Diversity & Equal Opportunity	*Human Rights *Data Privacy	Economic Performance	Greenhouse Gas Emissions	
*Employee Retention & Recruitment	*Cybersecurity	Fleet Management	Environmental Compliance *Climate Impacts	
*Freedom of Association/ Collective Bargaining				

*Additional key topic added for 2021 One Report

Additional Topics

We are also continuing to report on certain topics within our GRI disclosures not currently considered a key topic, but whose active management is of ongoing importance to the integrity of our operations and our ESG commitments:

Employees Employee Benefits (including Parental Leave)	Environmental Waste
Economic Anti-corruption Indirect Economic Impact	Governance Supply Chain Public Policy
Social Community Outreach	

Our 2021 key topics highlight focus areas for our ESG strategy and help us align our ESG activities with the United Nations Sustainable Development Goals (SDGs) and our ESG reporting with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards.



Stakeholder Engagement

Our approach to identifying key topics is based on the GRI guidelines which call for a systematic process for engaging Stakeholders and prioritizing feedback, including:

- Evaluating Relevant CSR and ESG Topics
- Identifying Internal and External Stakeholders
- Assessing the Organization's Impacts
- Evaluating the Influence on the Stakeholder Groups
- Prioritizing Topics

Stakeholder	How We Engage
Employees	<ul style="list-style-type: none"> • Employee surveys • Company intranet <i>SWALife</i> • Other internal communication channels • Weekly messages from our Chairman and CEO <ul style="list-style-type: none"> • Companywide Culture Committee • Culture & Engagement Department • Diversity, Equity, & Inclusion Department • People Department
Customers	<ul style="list-style-type: none"> • Customer surveys • Social media listening <ul style="list-style-type: none"> • Customer call centers • Customer emails
Suppliers	<ul style="list-style-type: none"> • <u>Supplier Diversity Commitment</u> • <u>Online supplier portal</u> • Engagement with internal participants in the procurement process <ul style="list-style-type: none"> • ESG-focused questions in supplier RFPs • Engagement with internal participants in the procurement process • Engagement with external participants in the procurement process (suppliers)
Non-Governmental Organizations (NGOs)	<p>Research and publications from the following NGOs help inform our citizenship approach:</p> <ul style="list-style-type: none"> • Commercial Aviation Alternative Fuels Initiative (CAAFI) • Rocky Mountain Institute • Aviation Climate Taskforce <ul style="list-style-type: none"> • World Economic Forum's Clean Skies for Tomorrow Coalition • Airport Cooperative Research Program (ACRP)
Airports/ Government	<ul style="list-style-type: none"> • Engagement with internal participants from Governmental Affairs Department <ul style="list-style-type: none"> • Developing public policy positions intended to benefit our Employees, Customers, and communities
Investors	<ul style="list-style-type: none"> • Engagement with internal participants in Investor Relations Department • Informal investor interviews <ul style="list-style-type: none"> • Investor-focused standards such as Sustainability Accounting Standards Board
Regulators	<p>We take regulatory compliance seriously, including with respect to standards and requirements established by:</p> <ul style="list-style-type: none"> • Department of Transportation (DOT) • Environmental Protection Agency (EPA) <ul style="list-style-type: none"> • Federal Aviation Administration (FAA) • Securities and Exchange Commission (SEC)
Communities	<ul style="list-style-type: none"> • Employee volunteerism • Charitable contributions and donations • Nonprofit partnerships <ul style="list-style-type: none"> • Community Relations Team • Medical Transportation Grant Program (MTGP)
ESG Raters	<p>Additionally, we reviewed multiple sustainability reporting standards, and frameworks, and results from independent ESG research firms to inform our reporting efforts, including:</p> <ul style="list-style-type: none"> • CDP (formerly Carbon Disclosure Project) • S&P Global Corporate Sustainability Assessment <ul style="list-style-type: none"> • Institutional Shareholder Services (ISS) • Sustainalytics • EcoVadis

We plan to formally update our key topics assessment on a biennial basis.

Management Approach

Corporate Governance

Board Duties and Responsibilities

The business and affairs of Southwest are managed under the direction of the Company's Board of Directors (the "Board of Directors" or the "Board"). The fundamental responsibility of the Board of Directors is to promote the best interests of the Company and its Shareholders by overseeing the management of the Company's business. Among other duties and responsibilities, the Board of Directors is responsible for (i) overseeing the selection, evaluation, development, and compensation of senior management; (ii) assessing major risks facing the Company and reviewing options to mitigate such risks; (iii) reviewing, addressing, and monitoring significant financial and business strategies and major corporate actions; and (iv) overseeing the processes to maintain the utmost integrity and proper management of the Company. To assist the Board of Directors with its oversight responsibilities and best serve the Company's Shareholders, Employees, and Customers, the Board has created the following standing committees: (1) Audit Committee; (2) Compensation Committee; (3) Nominating and Corporate Governance Committee; (4) Safety and Compliance Oversight Committee; and (5) Executive Committee. The charters of the Board committees establish their respective duties and responsibilities.⁶³

Environmental, Social, and Governance (ESG) Board Oversight

Recognizing the fundamental importance of the Company's corporate responsibility practices, the Board of Directors and its committees provide oversight of the Company's ESG-related initiatives, objectives, and progress. In 2021, the Board of Directors updated the Compensation Committee's Charter to reflect the committee's existing practice of assisting the Board of Directors with its oversight of human resources policies and practices, including the Company's diversity, equity, and inclusion (DEI) philosophy, practices, and initiatives. In 2021, the Board of Directors also decided the Company, its Employees, and its Shareholders are best served if the full Board is entrusted to oversee and evaluate the Company's other ESG practices. In February 2022, the Board of Directors reassessed this decision and reached the same conclusion that other ESG matters expand well beyond a single committee and that each Board member offers a unique perspective and valuable input critical in overseeing ESG matters. After reaching this conclusion, the Board of Directors updated the Company's Corporate Governance Guidelines to formally reflect this oversight responsibility.⁶⁴



Board Composition

The Company's Nominating and Corporate Governance Committee is responsible for recommending to the Board the criteria for Board membership, as set forth in the Company's Corporate Governance Guidelines. The Company's Corporate Governance Guidelines address Board member qualifications and independence requirements, among other Board and governance matters. Each individual is evaluated in the context of the Board as a whole, with the objective of recommending to Shareholders a group that collectively can best serve the long-term interests of the Company's Employees, Customers, and Shareholders. The Board does not have a formal policy with regard to Board member diversity. Rather, diversity is one of many factors considered by the Board in assessing the qualifications of Board candidates. Furthermore, in considering diversity, the Board takes into account various types of diversity, including, for example, diversity of experience, geography, gender, ethnicity, and race, with the goals of obtaining diverse perspectives and encouraging constructive debate. The Board's primary consideration is to identify candidates with the background, experience, and skills that will best fulfill the Board's and the Company's needs at the time a search is being conducted. Therefore, the Board does not believe it is appropriate to either nominate or exclude from nomination an individual based chiefly on gender, ethnicity, race, age, or similar factors.

The Company's Board of Directors is currently comprised of 13 members. Currently, 60% of the Compensation Committee, and 40% of the Nominating and Corporate Governance Committee, including the Chair of the Nominating and Corporate Governance Committee, are ethnically and/or gender diverse. Of the 13 nominees for election to the Board at the Company's 2022 Annual Meeting of Shareholders, 23% are ethnically and/or gender diverse. Eleven members of the Board are currently independent, as defined by New York Stock Exchange (NYSE) rules. All members of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Safety and Compliance Oversight Committee are currently independent, as defined by New York Stock Exchange rules.



Ethics and Corporate Compliance

The Company seeks to operate with the highest ethical standards and in compliance with applicable laws and regulations. The Board has adopted a Code of Ethics that sets out basic principles to guide the behavior of the Company's Employees, Board members, and business associates with respect to insider trading; competition and fair dealing; payments to government personnel; confidentiality; conflicts of interest; corporate opportunities; protection and proper use of the Company's assets; recordkeeping; reporting illegal or unethical behavior; and compliance procedures. The Board of Directors reviews the Code of Ethics annually.

In addition to the Code of Ethics, the Audit Committee has adopted procedures (1) for the confidential, anonymous submission of Employee complaints regarding accounting, internal accounting controls, or auditing matters, or concerns regarding questionable accounting or auditing matters ("Employee Reports") and (2) for the handling of Employee Reports. Both the Code of Ethics and the Audit Committee's procedures prohibit retaliation for reports made in good faith. In addition to the Code of Ethics and the Audit Committee procedures, the Company has established channels through which Employees can report employment and/or safety-related concerns.

The Company's bylaws, Corporate Governance Guidelines, Board committee charters, Code of Ethics, and other corporate policies, as well as additional information about the Company's governance practices, [Board of Directors](#), and officers, are available on southwest.com in the [Investor Relations section](#). As referenced in the Company's Code of Ethics, the Company has implemented additional policies pertaining to specific topics, including, for example, an Insider Trading Policy and a Foreign Corrupt Practices Act Policy.

Risk Management and Crisis Planning

The airline industry has historically been volatile and subject to various operational and financial challenges. Successful identification and mitigation of risks, along with appropriate response mechanisms for rapidly emerging events, are essential for our continued viability and success in maintaining a resilient brand for our Customers and Employees.

Southwest's Enterprise Risk Management (ERM) Team plays an important role in managing risks that are critical to the overall business goals, objectives, and mission of Southwest Airlines. The ERM Team conducts risk assessments, produces internal reports, defines risk focus areas, and provides a framework to drive cross-departmental alignment. As part of this, the ERM Team oversees a tiered risk management structure including Risk Champions, comprised of subject matter experts from key departments, Risk Owners comprised of Senior Leaders, and a Risk Committee of Executive Leadership. The ERM Team meets with Risk Champions and Risk Owners on a quarterly and as-needed basis to identify, evaluate, document, and track risks and mitigation strategies, and escalates critical risks to the Risk Committee. The Risk Committee meets quarterly to review risk status and mitigation and validates appropriate actions are in place. The President & Chief Operating Officer has accountability and oversight of the Risk Committee and ERM function.

In addition to the ERM Team, Southwest has Emergency Response and Business Continuity Teams to oversee planning and response initiatives to meet moral and legal obligations. Emergency Response is responsible for developing plans, manuals, training, and drills for responses to aircraft accidents, hurricanes, pandemics, and other disruptive events. The team also manages and trains the Care Team, which is a group of Southwest volunteers who care for those affected by an aircraft accident. The Emergency Response Team leads an Emergency Response Committee which includes members from each response team throughout the Company and meets bi-annually to train and share program enhancements.

The Business Continuity Team is responsible for providing a framework that enables Southwest to continue business during disruptions to its People, facilities, and technology. The Business Continuity Team oversees a dedicated corporate back-up facility, the Remote Operations Center, for key operating departments during disruptions to the primary Network Operations Center. The Team has partnerships with Supply Chain Management on third-party risks and fuel disruptions, and with Technology to prioritize application recovery based on the needs of the business. A Business Continuity Steering Committee meets bi-annually to align on resiliency initiatives.

Southwest
strives
to continually
improve
awareness and
transparency

Management's Approach to ESG

The Southwest Citizenship Executive Steering Group (CESG) provides input and guidance on social, economic, and environmental topics to the Company's CEO, President & Chief Operating Officer, and Chief Financial Officer, all of whom contribute to the Company's policy development and decision-making efforts with respect to these topics. The CESG meets regularly and is comprised of officers and other Leaders from various departments throughout the Company. The CESG considers feedback from various Stakeholders and works collaboratively with other executive steering groups to take a holistic approach when considering social, economic, and environmental topics. Other internal groups that address CSR and ESG actions and initiatives include the Company's Social Topics Committee; Risk Committee; Diversity, Equity, and Inclusion (DEI) Executive Steering Group; and Environmental Sustainability Steering Group.

Southwest strives to continually improve the awareness and transparency of its governance of environmental and social topics. Some recent efforts in this regard include:

- *Expanding disclosure of how the Company's environmental stewardship goals will be compatible with its long-term strategy*
- *Enhancing integration of DEI principles in the Company's hiring and development practices to support goals as outlined in the People section of the One Report*
- *Expanding governance reporting within the One Report's GRI General Disclosure section*
- *Exploring Customer feedback and insight on ESG-related topics*

Southwest seeks to serve the interests of its Shareholders, Employees, Customers, and other Stakeholders by acting as good environmental stewards, fostering a creative and innovative workforce, and giving back to the communities it serves.



Management's Approach to Environmental, Social, and Governance Topics¹⁶

Executive Committee

The Executive Committee receives regular updates on ESG topics and elevates topics to the Board of Directors on a periodic basis.

Executive Team: Chief Executive Officer; President & Chief Operating Officer; EVP & Chief Financial Officer; EVP People & Communications & Chief Communications Officer; EVP & Chief Legal & Regulatory Officer; EVP & Chief Commercial Officer; SVP Operations & Hospitality; SVP & Chief Marketing Officer; SVP People & Learning Development; SVP Operational Strategy & Design; SVP Air Operations; SVP & Chief Information Officer; SVP Finance & Treasurer; SVP Technical Operations; SVP Governmental Affairs & Real Estate; SVP Strategy & Planning; VP Executive Office

Citizenship Executive Steering Group

The Citizenship Executive Steering Group serves as a cross functional group of Leaders collaborating on topics across all ESG areas and serves as a centralized space to discuss intersectional topics that have enterprise wide impact.

Executive Team: EVP People & Communications & Chief Communications Officer; VP Communications & Outreach; SVP Governmental Affairs & Real Estate; VP Legal & Corporate Secretary; VP Strategy & Planning; VP Investor Relations; VP Marketing; VP Diversity, Equity, & Inclusion; VP People; Strategic Advisor to CEO

Social Topics Committee

The Social Topics Committee is an executive forum to review, evaluate, and propose responses to current social topics raised as well as consider areas to take proactive actions and alignment.

Executive Team: EVP People & Communications & Chief Communications Officer; EVP & Chief Legal & Regulatory Officer; SVP & Chief Marketing Officer; SVP Governmental Affairs & Real Estate; VP Diversity, Equity, & Inclusion; VP People; VP Inflight; VP Ground Operations; VP Investor Relations

Diversity, Equity, & Inclusion Executive Steering Group

The Diversity, Equity, & Inclusion Executive Steering Group is an executive forum that meets regularly and partners with the Diversity, Equity, & Inclusion Department in formulating and promoting DEI corporate strategy initiatives.

Executive Team: EVP People & Communications & Chief Communications Officer; VP Diversity Equity & Inclusion; SVP People & Learning Development; SVP Operations & Hospitality; VP Communications & Outreach; VP Ground Operations; VP Southwest Airlines Business; VP Inflight; VP Supply Chain Management & Environmental Sustainability; VP Customer Support & Services; SVP Technical Operations; VP Flight Operations; VP People; VP Talent & Leadership; VP Culture & Engagement

Risk Committee

The Risk Committee meets quarterly to review enterprise risks and determines if appropriate steps are taken to mitigate and reduce risk to acceptable levels. The Risk Committee provides oversight of risk management activities identified by the Enterprise Risk Management Team.

Executive Team: CEO; President & Chief Operating Officer; EVP & Chief Financial Officer; EVP & Chief Commercial Officer; EVP People & Communications & Chief Communications Officer; EVP & Chief Legal & Regulatory Officer; SVP & Chief Information Officer; SVP Air Operations; SVP Operations & Hospitality; SVP Technical Operations; VP Internal Audit; VP Executive Office

Environmental Sustainability Executive Steering Group

The Environmental Sustainability Executive Steering Group is an executive forum for decision-making related to environmental sustainability.

Executive Team: EVP & Chief Financial Officer; EVP People & Communications & Chief Communications Officer; SVP & Chief Marketing Officer; SVP Governmental Affairs & Real Estate; VP Supply Chain Management & Environmental Sustainability; VP Strategy & Planning; VP Investor Relations; VP Legal & Corporate Secretary; Strategic Advisor to CEO

EVP: Executive Vice President

SVP: Senior Vice President

VP: Vice President

Human Rights

Southwest Airlines is committed to doing the right thing, which as outlined in the Company's Human Rights Policy Statement, includes conducting business in a way that protects and promotes human rights. By complying with applicable laws and establishing and upholding appropriate policies, we seek to help to guard against any potential human rights abuse. We regularly evaluate our approach to human rights and assess our impact in all aspects of our business.

Southwest Airlines is committed to providing a stable work environment with equal opportunity for learning and personal growth. More than half of Southwest Employees received Human Rights training in 2021. It is expected that Employees of Southwest Airlines act responsibly to maintain a positive working environment, allowing each Employee to perform at his/her maximum potential. Southwest Airlines encourages any Employee to bring any questions or concerns regarding harassment, sexual harassment, discrimination, or retaliation to his/her Leaders or to the Employee Relations Team. All inquiries are reviewed and addressed by the Employee Relation Team promptly, impartially, and discreetly under Southwest Airlines Policy Concerning Harassment, Sexual Harassment, Discrimination & Retaliation. Our commitment to non-discrimination and human rights principles is evident in our Human Rights Policy and the way we carry out our Purpose, our Vision, and our Values.

Overall, our approach to human rights is designed to align with international standards, including the UN Guiding Principles for Business and Human Rights, the International Bill of Human Rights, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Southwest
Airlines is
committed
to doing the
right thing.



Freedom of Association/Collective Bargaining

We respect the legal rights of our Employees, including the right to free association and collective bargaining. Approximately 82% of our workforce is represented by labor unions. The Railway Labor Act establishes the right of our Employees to organize and bargain collectively. Our approach to collective bargaining focuses on negotiating agreements that achieve positive outcomes for our People and Company. For example, in 2021, we reached agreements with our unions to increase some starting hourly pay rates and provide incentive pay and other benefits for our Employees during the pandemic. Our Annual Report on Form 10-K contains more information on the various unions representing our Employees. The Company reviews its approach to collective bargaining on an ongoing basis, and as outlined in the Annual Report on Form 10-K, collective bargaining agreements are reviewed and renegotiated periodically.



Employment

At Southwest Airlines, we've accomplished quite a bit in the past 50 years, and our People are the reason why! Our Employees are the Heart of Southwest. They've fought for Southwest since the very beginning.

We've always done things a little differently at Southwest, with our Culture at the forefront. Over the years, we've seen how treating our Employees well is a virtuous circle. Empowered Employees make great ambassadors, and that positively affects Customers, the world around us, and the success of our business.

We provide our People with great jobs and benefits, and a world-famous Culture where they're encouraged to be their authentic self—drawing on their unique perspectives, skills, and experiences in their day-to-day jobs. We hold our Employees in the highest regard. We are proud that, for more than 50 years, we've never had an involuntary layoff, furlough, or pay cut.

Employees are treated with the same concern, respect, and caring attitude within our organization that they are expected to share externally with every Southwest Customer. Our strategy for employment and labor practices is guided by our Executive Vice President People and Communications, our People Department, Legal Department, and our Labor Relations Team. Our People Department's priorities include (but are not limited to): attracting, developing, and retaining a diverse, talented workforce; providing opportunities for learning, development, career growth, and movement within the Company; evaluating compensation and benefits, and rewarding performance; investing in physical, emotional, mental, and financial health and well-being of Employees; obtaining Employee feedback; maintaining and enhancing Company Culture; and communicating with the Board of Directors on a routine basis on key topics, including executive succession planning considerations. This work is carried out in collaboration with Southwest Airlines University (SWA U); Culture & Engagement; and Diversity, Equity, and Inclusion Departments.

Recruitment & Retention

Southwest Airlines seeks to provide a stable work environment with equal opportunity for learning and personal growth. Our People are the Heart of Southwest. We focus on bringing the best People into the Southwest Family, those that share our Company Values, and providing a competitive total rewards package, on-the-job training, and encouragement to help Employees succeed.

Retaining our current People and attracting prospective Candidates to Southwest is at the forefront of everything we do. We strive to offer Candidates the best hiring experience, and part of that focus means transparency at every step. We improved our hiring and employment screening processes in an effort to onboard new Southwest Cohearts more efficiently by automating steps in our hiring process, hosting info sessions and webinars for prospective Candidates, and incorporating remote interview opportunities. Each Candidate receives our famous Southwest Hospitality.

To better support career development, diversity, equity, and inclusion, and retention efforts, we introduced our Career Mobility Program. This program proactively prepares Employees for internal career opportunities. Whether Employees want to apply for a promotion, change roles within their department, or explore opportunities throughout the Company, our dedicated Teams direct them to tools, resources, and learning opportunities so they feel prepared for their next career move. We not only want to support Employees in their current roles, but we want them to thrive during their entire career journey, so that their experience at Southwest is meaningful to them. With high competition for available talent, we recognize the importance of Southwest's compensation and benefits to attracting and retaining the workforce necessary for business recovery and growth. In 2021, we evolved our approach to compensation to become more market competitive. We made additional investments to attract and retain talent, including announcing our desire to increase our starting hourly pay rates so that all hourly Employees make at least \$15 per hour. We are grateful for the ability to make this pay increase—for both our current Southwest Family and those considering joining us—at one of the world's most admired companies.

Employee Experience

At Southwest, our focus is on creating the best possible work environment, and we strive to accomplish that by investing in the moments that matter along the Employee journey.

Our dedicated Employee Experience Team manages Southwest's multi-faceted and ongoing Employee listening strategy to actively evaluate and map the Employee journey. We conduct Companywide surveys of our Employees throughout the year to assess Employee engagement, job satisfaction, and opportunities for improvement. We are actively adding lifecycle surveys that provide Employees the opportunity to give real-time feedback for key moments all along their Employee journey (e.g., onboarding). Through Employee focus groups, we are able to dive deeper into opportunities for improvement and gauge the importance to our Employees so we can better prioritize ideas for our Employee experience roadmap. We actively engage with Employee forums, such as our President's Council, Diversity Council, and Culture Ambassadors, which are comprised primarily of Frontline Employees. When possible, we involve them early in the design of new Employee-focused programs to help meet the needs of our diverse and widespread Employee population.

We view ongoing investment in our Employee experience as important because it allows us to more effectively improve our ability to attract, develop, and retain engaged Employees who will help us achieve Southwest's business objectives. At the core, we know that our Employees are vital to our competitive advantage, and taking care of their needs is important.



Diversity, Equity, and Inclusion

Recognizing, respecting, and valuing differences is at the core of who we are at Southwest Airlines and encompasses our approach to Diversity, Equity, & Inclusion (DEI). Our Employees bring with them their own talents, creativity, and individuality when they come to work each day. We foster a Culture of Teamwork that embraces these differences which contributes to our overall success. Since 1971, inclusion has always been at the Heart of Southwest Airlines, utilizing diversity of thought and experience. As the underdog creating a new way to fly, we needed everyone's point-of-view to succeed.

Known for putting People first, Southwest remains committed to being a place where Employees feel welcomed and encouraged to bring their whole selves to work. Southwest is dedicated to advancing DEI and as we continue our journey, we intend to maintain our efforts to cultivate a workforce and Leadership Team that reflects the diversity of the communities we serve. We also support learning and development efforts that are democratized and inclusive of various career growth paths and equal opportunity for those interested in such career growth. Our Diversity, Equity, and Inclusion Department's vision is to cultivate a diverse and inclusive workplace experience for all our People to thrive—Employees, Customers, and partners.¹ The department is committed to driving meaningful change recognizing that there is always more we can do to make our environment even better, even more accepting. The department leads actions and measures to promote an inclusive Culture and environment in a number of different ways:

- Assisting with crafting the enterprise DEI vision
- Leading strong communication efforts to build shared language, meaning, and understanding
- Managing DEI as a valued strategy
- Auditing and monitoring equity
- Tracking and assessing progress and improvements
- Reporting to the Board of Directors and Executive Leaders
- Championing informal and formal conversations and perspectives on Southwest's DEI vision with a particular focus on Talent, Culture and Values, Brand and Reputation, and Communication
- Promoting the importance of relationships built on trust, vulnerability, and acceptance as captured in Southwest's DEI Promise

It's about Team: The collaboration of thoughts, backgrounds, and experiences helps us achieve our common goal as a Team.

It's about value: Our Employees value the ability to bring their authentic selves to work each day while meeting our Southwest expectations.

It's about respect: Our pride in Southwest Airlines fuels our unity.

The respect we show our Fellow Employees matters to our work, our Team, and our Company. We remain grounded in our Southwest Promise and Values, known as "The Southwest Way" knowing that we succeed when we embrace civility towards each other.

As we continue on this journey to advance DEI, we use key performance indicators (KPIs) to track success of these efforts, such as:

- Employee surveys
- DEI-focused "Pulse Point" intranet surveys
- Completion of DEI training and education
- Retention, recruiting, and promotion metrics

In September 2020, Southwest Airlines announced Company goals to strengthen and improve efforts to create more diverse, equitable, and inclusive job opportunities and candidate pipelines while championing a welcoming environment for all Employees. Today, we are making steady progress in our processes to increase racial and gender diversity in Leadership. The DEI Department formed an Executive Steering Committee to support the strategic direction of this progress. Additional strides include evolving the Company's talent acquisition processes by requiring diverse candidate pools, inclusion training for all hiring Leaders, and the creation of a Diversity Recruiting Center of Excellence (COE). Southwest Airlines is currently working with our community partners in support of our efforts to continue developing diverse and inclusive talent pipelines and expanding recruiting efforts.

In 2021, we launched a formal Sponsorship and Mentorship Program and we are enhancing our existing Supplier Diversity Program. Additionally, we launched a DEI Employee resource website, created an Allyship Guide, and introduced the ability for Employees to develop diversity-focused groups. The purpose of these initiatives is to empower Employees to explore, educate, and further connect in the DEI space. Southwest's motivation is to continue being a healthy organization where Employees thrive, feel appreciated, valued, and have an authentic sense of belonging. We intend to provide regular progress updates on the Company's DEI goals.

We offer anonymity for Employees to share if other Employees are not aligning to our Company values. We are committed to our DEI Promise, and we do not tolerate discrimination, bullying, retaliation, or harassment. In 2022, we plan to continue to seek to build a solid foundation and cultivate shared understanding among all Employees. As we move forward, we strive to understand and establish metrics to track results and progress that will feed the organizational expectation and provide solid results for feedback. Listening to our Stakeholders—Employees, Customers, communities, and Shareholders—is a priority and is vital to our DEI growth as it helps us identify areas of strength and opportunity.¹



Training and Development

Southwest Airlines University (SWA U) provides a variety of training and curriculum options such as classroom training, distance learning, on-the-job training, mentoring, and blended learning for our Employees. We regularly evaluate skill sets needed by our Employees to stay competitive in an ever-changing, highly regulated environment.

Traditionally, our Employees received the majority of their training at our Dallas campus, but our training approach shifted in 2020 due to the pandemic. In 2021 SWA U offered self-paced, virtual, and in person learning options in an effort to make learning available to more Employees. SWA U continuously updated the Southwest Learning Center to provide Leaders and Employees with a clean, simple catalog of virtual training opportunities—addressing both required training needs and optional curriculum.

In 2020, Southwest Airlines launched Career Mobility as a centralized resource for our Employees to learn about the skills, experiences, and education needed for their next career step at Southwest. Career Mobility allows Employees to meet with Career Mobility Partners who can direct them to SWA U classes, temporary opportunities, or interview preparation techniques in order to increase diversity and vertical and lateral mobility for all Southwest Employees. Since Career Mobility's launch, we have conducted more than 1,700 career mobility appointments with more than 1,300 unique Employees. Our most popular appointment types are Career Advising and Interview Preparation with 546 and 447 appointments conducted respectively. While Career Mobility is available to all departments and Employee levels, most of our appointment demand comes from Ground Operations (37%), Customer Support & Services (23%), and Inflight (12%). It's all about a career with Heart and Purpose.

Beginning in 2019, Southwest Airlines partnered with Gallup® to launch CliftonStrengths, which allows Employees to discover their own strengths and helps them empower others to develop theirs. As of December 1, 2021, we have introduced CliftonStrengths to nearly 90% of our departments and plan to expand the programs reach to every Employee.¹ Southwest believes our focus on diversity training enables enhanced Teamwork and innovation. In 2020, we partnered with Mind Gym to launch their Fearlessly Authentic curriculum, which supports our commitment to foster an inclusive environment where Employees embrace differences and feel a sense of belonging. In 2021, Southwest offered additional development for Leaders around the Fearlessly Authentic curricula.

Health and Safety

Southwest Airlines' Operational Philosophy defines key principles and expectations for Frontline Employees. Most importantly, and without compromise, we put Safety first. Employees are expected to follow Company policies and procedures designed to enable operations at an acceptable level of risk for Southwest in compliance with regulatory requirements. Next, and only after operating safely, we balance being low-cost and reliable, all delivered with world-class Hospitality. The Operational Philosophy provides a framework to offer Employees a safe work environment, our Customers a safe travel experience, and in turn, position Southwest Airlines for success.

Our Safety Management System (SMS) is the foundation that enables Southwest to operate safely. The SMS framework has four main components: Safety Policy, Safety Risk Management, Safety Assurance, and Safety Promotion. Each of these components is woven into our processes and establishes the structure for Safety at Southwest.

Southwest's Safety Policy is reflected in our Safety and Security Commitment. The commitment is a pledge of all Southwest Employees and Senior Leadership to the Safety and Security of our Customers and Employees—it establishes clear Employee expectations and associated accountability. Southwest Employees are expected to demonstrate their commitment to Safety by:

- Following Company policies and procedures
- Identifying anything that could cause damage or injury
- Reporting hazards through Companywide reporting tools
- Knowing and understanding our Safety and Security Commitment

Our operational processes incorporate participation from Employees to help identify, develop, and implement procedural changes, including those specific to mitigating hazards. Being accountable to the Safety and Security Commitment is yet another way that our Employees offer our Customers the Hospitality that we're known for—through the lens of a safe operation.

Operational Philosophy



The Safety Risk Management function of our SMS provides a proactive, systemic, and standardized process designed to identify hazards and risks to the operation and workplace before they become injuries, accidents, or incidents. Safety Risk Management is designed to mitigate risk through the implementation of effective risk controls. Some types of risk controls include tools, technology, and training. One example that many may not be aware of but affects almost every Passenger and Employee involves ever-changing technology and the increase of electronic devices containing rechargeable lithium-ion batteries. Those batteries have the potential to overheat and catch fire, so Southwest decided to invest in fire containment bags for each aircraft. They are an important piece of Safety equipment that help us mitigate the level of risk to keep our Customers and Employees safe.

The Safety Assurance function of the SMS relies on data and analytics to continuously measure and analyze the effectiveness of risk controls and overall Safety performance. Southwest monitors Safety performance using a variety of data including Employee reporting, aircraft information, Safety investigations, fatigue programs, and audits. Audit data is specifically used to proactively evaluate the effectiveness of Safety risk controls. Using the data, we conduct root cause analyses, execute audits, and perform procedural change analysis to recommend work process and equipment changes. For example, a recent change identified through data was an enhancement to the Safety features of our provisioning trucks. We implemented a fall mitigation for our Provisioning Agents by using an engineered control to prevent the back curtain of the truck from being open while the box is raised. A fall from the height of a raised box could cause serious injury, so implementing the fix reduces that level of risk and enhances Employee safety.

We also regularly evaluate our performance against Safety Objectives which include reducing injuries and damage in the operation. During the past couple of years with significant changes to the operational environment, we were able to use data to evaluate and confirm the effectiveness of our risk controls and target areas to improve performance. We monitored the changes implemented in response to COVID-19 and had excellent results; our Employees demonstrated a commitment to keeping each other and our Customers safe.

All areas of the SMS receive Companywide and department-specific Safety Promotion support, which includes both training and communication related to Safety. Southwest has developed specific job function training built around comprehensive standards intended to provide Employees the skills they need to operate safely.

Southwest has a robust engagement strategy to promote and educate Stakeholders regarding the Company's Safety & Security Commitment. It includes communication at the enterprise level through a variety of channels, targeted communication to Frontline workgroups with Safety messaging refined to their areas of risk, and Leadership communication that identifies trends and provides talking points for Leaders to share areas of concern or improvement. Leaders are also able to access results for their specific location and workgroup in order to determine what their focus areas should be to improve results moving forward. SMS is designed to create and foster a strong Safety Culture through knowledge and understanding. The strategy we have in place supports that goal.



Safety Promotion

Includes training, communication, and other actions that create a positive Safety Culture within all levels of the Company.

Safety Policy

Establishes our commitment to continually improve Safety and defines the methods, processes, and organizational structure needed to meet our Company's Safety goals.

Safety Risk Management

Determines the need for and adequacy of new or revised risk controls based on the assessment of acceptable risk.

Safety Assurance

Evaluates the continued effectiveness of risk controls and supports the identification of new hazards.

Employee Health & Customer Health

Beyond the Safety Management System, Southwest's Employee benefits include a wide variety of robust programs, initiatives, and resources targeted at Employee physical and mental health and these are actively promoted through various communications channels. Examples include smoking cessation programs, mental health webinars, COVID education and vaccine incentive programs, and many others. In the cabin environment, HEPA filters (using technology similar to that found in hospitals to prevent infection) are utilized to remove 99.97% of airborne particles and provide a complete exchange of cabin air every three minutes.⁶ In response to the COVID-19 pandemic, Southwest also initiated aircraft and airport facility cleaning measures, including electrostatic disinfect and anti-microbial sprays applied to surfaces, to further protect Employees and Customers, enhancing Safety measures beyond face coverings, hand sanitizer, and personal protective equipment that have become part of our daily routines.

Community Outreach

At Southwest Airlines, we believe in connecting People and championing communities. In 2021, we invested in more than 130 national, state, and local membership organizations including, but not limited to, the Chicagoland Chamber, Greater Baltimore Committee, Downtown Denver Inc., Dallas Regional Chamber, Hawaii Visitors and Convention Bureau, Los Angeles Area Chamber of Commerce, Greater Houston Partnership, and Florida Economic Development Council.

Through our Community Outreach efforts, we focus on our pillars of loving People, building resilience, and living responsibly, to uniquely contribute to communities we serve in meaningful ways. Our partnerships and programs in human trafficking awareness; diversity, equity, and inclusion; disaster and crisis response; sustainability; life-changing transportation; and workforce development support our desire to drive economic, social, and environmental benefits across the Southwest system and beyond.

We steward our resources to help communities thrive where our Customers and Employees live and work. Our social responsibility approach advances the Southwest business and drives our mission to be a trusted global citizen by connecting People and championing communities. The Southwest Airlines Foundation is one of the many ways we can continue our commitment to social impact and community resilience. The Southwest Airlines Foundation is a corporate-advised fund within the Silicon Valley Community Foundation. The purpose of any foundation is to create a permanent trust where corporate charitable donations can be preserved and invested for future use, helping us continue our support of communities in good times and in bad.

We remain diligent in monitoring emerging societal issues and topics. Our response to these circumstances is based on a number of factors, including the potential impact on our Employees, brand and reputation, business operations, and Customers.

We regularly review our annual community contributions and continue to evaluate their effectiveness through impact reports and ongoing touchpoints with key partners and Stakeholders. We regularly solicit reports and metrics from our partners and we continue to hone our own reporting process to further refine our overall citizenship progress and results.

Economic Performance

Jobs and benefits, returns on investment, business partnerships, and Customer Service and Safety are all ways in which our economic performance matters to our Employees, Customers, Shareholders, suppliers, and the communities in which we operate. We strive to continuously improve our Performance by focusing on our Purpose, and our People are dedicated to fulfilling our Vision. Southwest is known for a triple bottom line approach that contributes to our Performance and productivity. Employees share in Southwest's success with the Southwest Airlines Co. ProfitSharing Plan ("ProfitSharing Plan"), a defined contribution plan and the first of its kind in the airline industry. We expect our market presence to generate substantial savings for our Customers through the well-known Southwest Effect of invigorating competition by reducing fares and stimulating additional passenger traffic in the cities where we fly.

Our market presence and low fares are designed to stimulate economies in cities where we fly. We also make investments in infrastructure and services that more broadly affect the communities we serve in terms of jobs, access to services, or other impacts. By working with local communities and regulators, we strive to maximize our total contributions to benefit and enhance local and regional economies. To steward our resources responsibly, we regularly review our annual contributions and continue to evaluate their effectiveness through impact reports and ongoing touchpoints with key partners and Stakeholders.



Fleet Management

At Southwest, we operate only Boeing 737 aircraft, and, with over 700 737s, we operate the largest all-Boeing 737 fleet in the world. This single fleet strategy helps keep costs low, supports efficient operations, and allows for simplified scheduling in our point-to-point network. It also helps streamline our operating procedures and training approach for our Employees and business partners. Above all, operating a single fleet type helps us maintain focus on our number one priority—Safety for our Employees and Customers. While our fleet management strategy has many benefits, we do recognize our reliance on a single manufacturer. We regularly review our fleet strategy with Senior Leadership and our Board of Directors.

Part of our approach to fleet management also involves a focus on fleet modernization as we recognize the importance of operating aircraft that are more fuel efficient, optimal for our operation, and which provide our Customers a comfortable experience. To support that goal, we have firm orders for more than 400 new 737 MAX aircraft through 2031 to replace older 737-700s—bringing more fuel efficiency and lowering operating costs.

As compared with the prior generation of 737 aircraft, the MAX, with LEAP-1B engines (CFM International), provides reduced fuel burn and overall CO₂ emissions, a quieter engine, and inherently contributes to an increased range. Introducing updated aircraft also benefits our Customers: the cabin of the 737 MAX features an adjustable headrest; a lower profile arm rest; advanced cushion support; and a raised information pocket and elevated rear seat beam that together bring additional space for personal devices. All MAX aircraft also enter service WiFi equipped.

We also actively manage our fleet to meet our plans for network growth. The 737-7 is expected to be the longest-range aircraft in the Southwest fleet, enabling us to enhance our existing route network.

Under the executive leadership of our Chief Financial Officer, our Fleet Management Team works with Stakeholders across the organization to manage our aircraft acquisitions and retirements. The Southwest Team works toward a strategic goal of optimizing total cost of ownership and improving efficiencies across the fleet while meeting our Customer, Employee, and operational needs.¹

Climate and Environment

Climate Impacts

We are subject to various environmental requirements and risks associated with climate change, including increased regulation, changing consumer preferences, and the potential increased impacts of severe weather events on our operations and infrastructure.⁶⁵

While we already face and manage weather related disruptions through our daily business and regular operations, we continue to focus on our preparedness for future weather events. We have a robust system in place to manage these events as they occur, with tiered response programs based on the severity of the event.

- For standard weather-related disruptions, such as winter storms, we follow our manuals and business management procedures, following set processes for proactive cancellation of flights, striving to appropriately staff the operation, and determining when to pause and restart our operations in the affected region.
- To manage the potential impacts of extreme weather events, such as hurricanes, we have a comprehensive hazardous weather event response plan in place, which engages approximately forty Teams throughout the organization to effectively respond and mitigate impacts to our business.
- Recognizing the importance of weather-related planning, we have invested greater resources into meteorology and network impact analysis, with plans to double our meteorology staff in 2022, enhancing our detail and focus related to weather events.¹ We are also considering the addition of wildfires to the evaluation process, determining when to suspend operations based on a set threshold of wildfire impacts/severity and air quality.
- We collaborate with a wide range of key Stakeholders, such as the FAA and airports, to evolve our capacity and planning processes. By leveraging various knowledge bases, expanding data sources and new methods of air traffic management, we can more proactively respond to inclement weather, equipment outages, and other factors that can potentially cause delays and cancellations.
- We engage with the airports and communities we serve to support their sustainability and resiliency planning efforts.

In addition to physical effects of weather disruptions, regulatory bodies are increasingly focused on climate change and reducing greenhouse gas emissions. Future policy, legal, regulatory, or other market developments could require us to reduce emissions, modify our supply chain practices or aspects of operations, make capital investments to purchase specific types of equipment or technologies, secure carbon offset credits, or otherwise incur additional costs related to climate objectives. Accordingly, we:

- *Actively monitor emerging regulations and analyze their risks or opportunities to our business.*
- *Have voluntarily set environmental sustainability plans, targets, and goals in addition to responding to legislative and regulatory requirements.*
- *Engage with regulators and industry associations such as A4A and ICAO (the United Nations' International Civil Aviation Organization) to advocate for reasonable and responsible climate policy.*
- *Have sought to reduce our carbon emissions intensity through fuel saving programs and establishing long-term sustainable aviation fuel (SAF) procurement agreements.*
- *As part of the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA") program, are currently monitoring our international emissions for reporting purposes. Data collected from applicable international flight activity in 2019 forms the baseline and is used in the calculations to determine subsequent carbon offsetting requirements under the CORSIA program.*

We also face the possibility of consumer concerns about the impacts of climate change, which may mean some Customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that is more sustainable to the climate.

We have worked to address this potential concern through setting long-term and near-term sustainability goals, such as our 10-year plan, and taking steps towards achieving our goals through initiatives like SAF offtake agreements. In addition, we continue to make long-term investments, such as our fleet modernization program, that are intended to not only help our operations be more fuel efficient, but also help us achieve our near-term goals.¹ We have also engaged with our Customers and corporate clients through these plans, educating them on our program offerings and promoting active participation in our sustainability efforts:

- *In 2021, we were the first U.S.-based airline to launch a carbon offset offer with loyalty points, and for every dollar contributed toward offsetting our carbon emissions, Southwest matches the contribution.²⁵*
- *We have also worked on business travel programs, engaging with our corporate clients Deloitte and Zurich North America on SAF beta partnerships to help support the utilization of SAF in our operation, and launched the Green Incentive Program in 2021. The Green Incentive Program is a performance-based incentive program where corporate Customers are provided the opportunity to earn and use funds for their company's sustainability initiatives, which could include offsets or other initiatives.*
- *We actively communicate the status of our emissions and progress towards our climate goals in our One Report. The One Report includes Global Reporting Initiative (GRI) Standards that have been used to guide our ESG disclosures since 2009. We have voluntarily reported our Scope 1 and 2 greenhouse gas emissions (GHG) through CDP (formerly the Carbon Disclosure Project) for the past 10 years, and we continue to strive to provide our Stakeholders with transparency. Starting in 2020, we began reporting to Sustainability Accounting Standards Board (SASB) standards and United Nations Sustainable Development Goals (SDGs).*



Fuel & Energy

Jet fuel is our largest source of emissions – responsible for more than 99% of our emitted Scope 1 and 2 GHGs, and is our second largest operating cost – making up approximately 23.5% of operating expenses in 2021. Airlines are inherently dependent upon energy to operate, and jet fuel is one of our most volatile and unpredictable costs, making it an area of great interest to our Stakeholders. While the price of fuel is largely influenced by external factors, our consumption of fuel is an area where we can make a difference, and we are self-motivated to be as fuel efficient as possible. Our fuel efficiency strategy is based on modernizing our fleet, optimizing our routes, and deploying initiatives, policies, and programs to optimize efficiency during every step of the flight cycle. In 2021, fuel saving initiatives were estimated to have saved 7.5 million incremental gallons over the prior year, and our fuel efficiency (measured in ASMs per gallon) increased by 4.6% compared with 2019 levels. Because fuel management is integrated into various work streams, we have a dedicated cross functional working group, our Fuel Design Team, made up of individuals across multiple aspects of the business that identify opportunities to increase efficiency across work streams without impacting Safety or Hospitality. This Team implements, tracks, and reports progress on various fuel saving measures, seeking to increase alignment across the operation and increase fuel efficiency. We maintain detailed records of our actual jet fuel and ground fuel consumption per station for all scheduled and unscheduled flights. The following details certain system-wide fuel policies, programs, and actions:

Fleet Modernization:

- We plan to replace our older 737-700's with MAX aircraft, which are more fuel efficient. While fleet modernization represents a long-term plan over the next 10 to 15 years, the process is already underway.*
- In 2021, we restructured and increased our delivery schedule for MAX aircraft, including Boeing's 737-7 aircraft, the successor aircraft to its 737-700 model.*
- As of February 2022, our order book contains 84 MAX firm orders and 30 MAX options for 2022, and we currently intend to take delivery of all 114 MAX aircraft in 2022 while retiring 28 of our older planes.*
- Moving forward through the next decade, we anticipate the retirement of 30-35 737-700 aircraft per year.¹*

Flight Optimization:

- We have improved vertical and lateral flight planning optimization algorithms to reduce fuel consumption per flight.*
- We provide our Flight Crews with improved up to date wind data linked to the aircraft that are designed to take advantage of real time wind profiles that further reduce fuel consumption per flight.*
- We have equipped our aircraft and Flight Crews to take advantage of FAA NextGen Air Traffic Initiatives like Required Navigation Performance (RNP). RNP combines the capabilities of advanced aircraft avionics, satellite navigation, and new flight procedures to enhance navigational and operational capabilities, improve fuel efficiency, and, as a result, reduce greenhouse gas emissions as compared with what would have otherwise been emitted. As of December 31, 2021, RNP approaches, which are published by the FAA, were available at 66 of the airports we serve. We feel there is tremendous opportunity for further improvement and continue to work with the FAA to develop and seek more use of RNP approaches and to evolve air traffic control rules to support greater utilization of RNP.*

Fuel Saving Programs and Policies:

- Winglets are installed on all aircraft in our fleet, reducing drag and increasing fuel efficiency.*
- Single engine taxiing (SET) is performed when practicable to conserve fuel and reduce costs. We have included guidance on SET in our Flight Operations Manual, we track SET usage over time against targets, and we address missed SET opportunities in order to improve performance. Additionally, we reduce aircraft engine idle speed while on the ground, which also increases engine life.*
- To reduce use of the auxiliary power unit (APU), we have procedures to use electric ground power and pre-conditioned air for aircraft at the gate, whenever available.*
- We have engaged in several initiatives to reduce the weight carried onboard our aircraft. Examples of such efforts include retrofitting aircraft cabin interiors and substituting Pilot and Flight Attendant flight bags with lighter Electronic Flight Bag tablets.*

In addition to reducing the amount of fuel we consume per available seat mile through these comprehensive measures, we also have a plan to replace 10% of our fuel with sustainable aviation fuels (SAF) by 2030. SAF is a critical component to our fuel strategy, and we have SAF agreements in place that are intended to support achievement of both our fuel replacement and emissions intensity reduction goals.¹

Southwest is seeking to explore environmental policies and practices of potential sustainable aviation fuel suppliers, specifically with respect to mitigating deforestation and forest degradation in the production of sustainable aviation fuels.

Greenhouse Gas Emissions

Tracking and effectively managing the mitigation of greenhouse gas emissions (GHG) associated with our business is core to effective climate risk management. That's why we have been publicly reporting on our emissions every year since 2009, bringing over 12 years of tracking and awareness to the GHG impact associated with our operations. Southwest follows "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" guidance to collect activity data and calculate emissions. Our 2021 greenhouse gas inventory was assessed by a third-party and completed in accordance with the AA1000 Assurance Standard. This assurance engagement included our Scope 1, Scope 2, and Scope 3 GHG emissions.

Southwest follows the operational control approach defined by the GHG Protocol, accounting for emissions from operations over which we have complete authority to apply operating practices. We calculate and incorporate the relevant carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) emissions from our operations. Emissions are consolidated and disclosed in metric tons of carbon dioxide equivalent (CO₂e) using the 100-year time horizon global warming potential (GWP) values from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5). We do not currently track the hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆) associated with our operations.

More than 99% of Southwest's Scope 1 emissions are from jet fuel, which is why addressing fuel is imperative to our mitigation plans. Our remaining <1% of Scope 1 emissions are largely from ground fuel use in the form of gasoline, diesel, and propane, as well as natural gas for heating. All Scope 1 emissions were calculated with EPA Emission Factors except for CNG (compressed natural gas) emissions, which used the Climate Registry's factors. Scope 2 indirect electricity emissions were calculated using EPA's eGrid factors by subregion. Currently, Southwest reports on the Scope 3 emissions that cover emissions from waste and Employee commute.

To manage our Scope 1 and 2 emissions, we have set forth a framework of voluntary short-term and long-term goals, actions, and initiatives. In the short term, we have released a 10-year plan with the goal of maintaining carbon neutrality to 2019 levels while continuing to grow our operations. 2019 is the baseline year for tracking progress against our emissions intensity goal, aligned with the CORSIA baseline and the global aviation industry carbon-neutral growth goal to limit net carbon emissions to 2019 levels (See the Planet Section of this report for details of our 10-year plan). Within this plan, we set an intensity target of reducing emissions per available seat mile by at least 20% by 2030 against a 2019 baseline.²⁶ In 2021, our carbon intensity reduced 5.1% compared with 2019 levels. When compared with 2020, carbon intensity increased 1.7% due to higher load factors and the return to service of more of our oldest, least fuel-efficient Boeing 737-700 aircraft, which had been placed into storage in 2020 due to capacity cuts in response to the effects of the COVID-19 pandemic. We plan to retire 28 of our older 737-700s in 2022, with retirement of 30-35 737-700 aircraft per year moving forward through the next decade, replacing them with more efficient MAX aircraft to improve overall fleet efficiency.

Recognizing that the scope of Southwest's sustainability efforts extends well beyond a 10-year time horizon, our ultimate long-term objective is to achieve carbon neutrality by 2050. We have proudly joined our A4A partners across the industry in concerted work with government leaders towards this aim, recognizing that there is much work to be done, and we are committed to doing our part. In parallel with our efforts to reduce fuel consumption per available seat mile, replace conventional jet fuel with sustainable alternatives, and leverage offsets—we are also engaged in long-term policy objectives through A4A which are aimed at advancing and deploying commercially viable technology, operations, and infrastructure for SAF—all of which are required to enable the industry transition toward carbon neutrality.¹

Environmental Compliance

Maintaining compliance with local, state, and federal environmental laws and regulations is fundamental to our environmental policy. We continually work to meet our annual goal of zero recorded environmental violations. Our Environmental Services Team regularly conducts audits to review compliance and works to improve our performance by utilizing our environmental management system (EMS), following environmental guidelines and procedures, implementing corrective action, and training our Employees to meet our compliance goals.

Our standard auditing protocol assesses a location's recordkeeping permit status, and compliance with requirements of regulatory plans such as Storm Water Pollution Prevention Plans, Spill Prevention Control, and Countermeasure Plans. We perform a visual walk-through inspection to confirm that key compliance practices are enacted in each of the cities we serve. At all of our locations, we also track spills, audit findings and corresponding corrective action, and information about permits and their expiration dates. We set goals and use our EMS and chemical management system (CMS) to aid in our effort to maintain compliance with environmental regulations, minimize costs and risk, and measure our efforts to improve our environmental performance.

Waste

While fuel is the most significant contributor to our emissions, we continue to report on our waste and recycling efforts as they minimize our environmental impact by conserving natural resources, including raw materials use, while continuing to meet our operational requirements. We closely track and monitor our waste generation each year, analyzing trends across our stations, breaking waste streams out by category and status. We seek opportunities for recycling or reuse whenever possible, and have launched a unique global sustainability initiative (Repurpose with Purpose) that upcycles items such as leather seat coverings and transforms them into new products.

Public Policy and Engagement

Legislative and regulatory changes have the potential to limit our opportunities for growth, and government policies and legislation can have a deep impact on how we do business. Our Governmental Affairs Team works to stay on top of proposed statutory and regulatory changes to educate a wide range of policymakers and Stakeholder groups directly. We also present our views on these topics through trade associations, business forums, chamber organizations, and interactions with public officials at the federal level and in the states and communities we serve.

One trade association in which we participate is Airlines for America (A4A), which allows us to gain insight into core issues for the airline industry as a whole and to advocate jointly for regulations that support a healthy, competitive industry. We also benefit from the opportunity to share technical expertise and operational knowledge that leads to improved Safety and Security.

Southwest has adopted a policy that it will primarily use its affiliated political action committee, the Southwest Airlines Co. Freedom Fund ("Freedom Fund"), financed by contributions made voluntarily by Employees, to support political campaigns. Company funds are limited to supporting selected political campaigns at the state and local level in compliance with the laws of the relevant states and localities. We hold in high regard the responsibility of managing the Freedom Fund and being good stewards of our Employees' hard-earned dollars. We have a time-tested evaluation process when considering Freedom Fund contribution requests and our criteria for giving are evaluated annually. Additionally, the criteria, as well as all political campaign contributions from the Freedom Fund or by the Company directly, are approved by the Senior Vice President of Governmental Affairs and Real Estate, and overseen by Southwest's Executive Vice President, Chief Legal and Regulatory Officer, with an annual summary of those contributions provided to the Southwest Board of Directors. All political contributions are intended to promote the interests of the Company and are not guided by any private political preferences of any Employee. All contributions by the Freedom Fund are disclosed via publicly available reports filed monthly with the Federal Election Commission. The Company strives to comply with all applicable federal, state, and local campaign finance restrictions and disclosure requirements.

In 2021, contributions from the Freedom Fund totaled \$92,873 to political committees at the federal level and \$26,750 to political committees at the state and local levels. Moreover, the Company contributed \$40,550 directly to political campaigns at the state and/or local level in three states (California, Maryland, and Illinois). In 2021, the Company did not support or finance any state or local ballot measure before voters. At the federal level, no Company funds were used to support or finance any political campaign, nor did the Company support or finance any so-called "Super PACs" or any political committees organized under section 527 of the Internal Revenue Code. The Company made no contributions to a politically-affiliated 501(c)4 organization in 2021. In 2021, A4A, our airline industry trade association, determined that \$796,113 of the total dues paid by the Company to A4A were nondeductible lobbying expenses. Southwest also paid dues to several other national, state, and local trade associations, business forums, and chamber organizations, in which a portion of those dues were used by these organizations for nondeductible lobbying activities. However, in all cases, that portion was not more than \$5,500 annually for each organization.

Data Privacy

Southwest's business requires us to process, store, and sometimes share the personal information of our Customers, People, and partners. Our Privacy Program is based on a broad set of privacy principles and applicable law. While our Privacy Office is responsible for the day-to-day management of our program, we believe that privacy is everyone's responsibility and have approximately 50 volunteer or appointed Privacy Champions embedded throughout the Company that go through additional privacy training. These Privacy Champions work with the Privacy Office to operationalize the Privacy Program in a scalable fashion. Our Director of Privacy reports directly to our Executive Vice President, Chief Legal and Regulatory Officer. To learn more about how we process personal information, our privacy policy is available on Southwest.com.

Cybersecurity

To enable data and asset security within all aspects of Southwest Airlines' business, Southwest has adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework. This is a risk-based approach to mitigate organizational cybersecurity risks and impacts to Southwest's facilities, airports, and aircraft. Southwest also has a dedicated Cybersecurity Team that is a part of our Technology Department. Our Cybersecurity Team conducts vulnerability management and penetration testing to identify, classify, prioritize, remediate, and mitigate vulnerabilities. The Team also manages and executes the Company's Cybersecurity Incident Response Plan to prepare for and respond to a cybersecurity incident. The plan is tested yearly via a tabletop exercise to identify strengths, weaknesses, and opportunities for change. In order to stay on top of cyber threats and upcoming cyber regulations, Southwest is proudly a founding member of the Aviation Information Sharing and Analysis Center (A-ISAC) and a member of the Airlines for America Cybersecurity Council.

At an Employee level, all Employees are expected to adhere to our cybersecurity policies which are outlined in our Guidelines for Employees. Employees are also expected to acknowledge the policies on a yearly basis. Educating our Employees on Cybersecurity doesn't just stop with our policy acknowledgments. Southwest leverages multiple communication strategies and channels to interact and educate Employees. For example, in recognition of National Cybersecurity Awareness Month in October, Southwest conducts an annual communication campaign to educate Employees on topics like phishing, social engineering, working securely in a remote environment, and password security. Throughout the year, we also have a regular cadence of reminders and messaging about Cybersecurity.



Supply Chain

To support our operation, we purchase goods and services from nearly 4,000 sources across multiple continents and countries, but the majority of our supply base and spend is in the U.S. domestic market since our network footprint is primarily as a North American carrier. We maintain relationships directly with various types of suppliers, including service providers, contractors, manufacturers, brokers, and wholesalers.

We strive to acquire the highest quality products and services at the lowest total costs. While we have dedicated Teams within our Supply Chain Management Department, such as Fuel Management, Aircraft Maintenance, Technology, and Enterprise Supply Chain, we aim to manage our supply chain holistically and by utilizing analytically rigorous and dynamic approaches to optimize system efficiency. Our Supply Chain Management Department monitors supplier performance, assesses risk, and plans for potential supply chain disruptions, and analyzes our supply chain spend so we can continuously improve performance.

Southwest is committed to maintaining our low-cost Leadership through effective and efficient procurement practices and spending our capital wisely. All suppliers are treated fairly and impartially during the evaluation and selection process. We use more than one selection process, depending on Company requirements and supply market conditions. Each selection process is focused on finding the best combination of quality, reliability, efficiency, and service for Southwest at the lowest total cost. Internally, our Employees are expected to adhere to a Procurement Policy for Employees, and we expect all internal and external participants in the procurement process to observe the highest standards of ethical conduct. We also have a supplier assessment questionnaire as a crucial part of the vetting process and expect suppliers to comply with applicable laws, including those regarding child and/or forced labor.

Our efforts to respect and protect human rights also extend to our supply chain. We partner with our suppliers to have a positive impact with the products and equipment we use in the skies, on the ground, and in our offices. We seek to build sustainable relationships with our suppliers to help fulfil our operational needs, stimulate economic growth in the communities we serve, support small and minority-owned businesses, and satisfy the expectations of our Stakeholders. Our Supplier Diversity Program looks to build sustainable, diverse suppliers that are: Small, Small Disadvantaged, Women-owned, HUBZone, Veteran-owned, Service-Disabled Veteran-owned, Minority-owned, Disabled-owned, and LGBT+-owned. A diverse workforce, which includes our suppliers, helps keep Southwest strong and inspires unity.

We understand the powerful impact Southwest has in the markets in which we operate. We strive to make a positive difference by building longstanding relationships with our partners and working toward becoming the world's most loved, most efficient, and most profitable airline.





Reporting Frameworks

Since 2009, Southwest has used the Global Reporting Initiative (GRI) standards to guide our disclosures in the One Report. In our ongoing commitment to provide the utmost transparency to our Stakeholders, we have elected to reference the updated GRI Universal Standards in the 2021 Southwest One Report. This is an early adoption of the revised Universal Standards that we believe strengthens the information we have disclosed. The 2021 Southwest One Report marks the second year that we have included disclosures using the Sustainability Accounting Standards Board (SASB) standards.

Disclosures corresponding to these standards can be found in the indices on the pages that follow.

Information is presented in the 2021 Southwest One Report with respect to efforts related to our CSR and ESG key topics, a term we use instead of materiality to avoid confusion with key financial information.

GRI Index

Indicator	Description	2021 Response
General/Governance Disclosures		
2-1	Organization details	<p>Southwest Airlines Co. is a publicly traded corporation.</p> <p>Our headquarters is located at: 2702 Love Field Dr. Dallas, Texas 75235 USA</p> <p>During 2021, we operated in eleven countries: the United States, Mexico, Jamaica, the Bahamas, Aruba, Dominican Republic, Costa Rica, Belize, Cuba, the Cayman Islands, and Turks and Caicos.</p>
2-2	Entities included in the organization's sustainability reporting	The 2021 One Report includes the operations of Southwest Airlines Co. and its wholly owned subsidiaries, which include AirTran Holdings, LLC, the successor to AirTran Holdings, Inc., the former parent company of AirTran Airways, Inc., and Triple Crown Assurance Co., an insurance captive which is consistent with our financial reporting contained in Southwest Airlines Co.'s 2021 Form 10-K.
2-3	Reporting period, frequency, and contact point	<p>The 2021 One Report was published on April 22, 2022 and includes activities for calendar year 2021, unless otherwise stated. It is published annually and aligns with Southwest Airline Co.'s financial reporting period.</p> <p>The contact point for questions regarding the 2021 One Report is SWACitizenship@wnco.com</p>
2-4	Restatements of information	<p>Restatements of information provided in previous reports were made for the following items:</p> <p>People Data Table -Employees by Division</p> <p>Planet Data Table -Fuel efficiency (RPMs/gallon)</p>
2-5	External assurance	Our 2021 greenhouse gas inventory was assessed by a third-party and completed in accordance with the AA1000 Assurance Standard. This assurance engagement included our Scope 1, Scope 2, and Scope 3 GHG emissions. The report can be found here .
2-6	Activities, value chain, and other	Southwest Airlines operates in the airline sector. Information regarding our activities, value chain, and other business relationships can be found under Item 1 in our 2021 Form 10-K. Additional information regarding our supply chain is contained in Management Approach to Supply Chain.
2-7	Employees	<p>People Data Table</p> <p>All Southwest Airlines Co. Employees are classified as permanent. We do not have non-guaranteed hours Employees.</p>
2-8	Workers who are not employees	People Data Table



Indicator	Description	2021 Response
2-9	Governance structure and composition	<p>People Data Table Management Approach to Corporate Governance Board Committees Senior Executive Leaders Corporate Bylaws Corporate Governance Guidelines Corporate Policies 2022 Proxy Statement, pp. 3-18</p>
2-10	Nomination and selection of the highest governance body	<p>Management Approach to Corporate Governance Nominating and Corporate Governance Committee Charter 2022 Proxy Statement, pp. 10-11 and 17-18</p>
2-11	Chair of the highest governance body	2022 Proxy Statement , pp. 7 and 11-12
2-12	Role of the highest governance body in overseeing the management of impacts	<p>Management Approach to Corporate Governance 2022 Proxy Statement, pp. 13-15</p>
2-13	Delegation of responsibility for managing impacts	<p>Management Approach to Corporate Governance 2022 Proxy Statement, pp. 13-15</p>
2-14	Role of the highest governance body in sustainability reporting	<p>The Southwest Airlines One Report is reviewed by Leaders across the organization, including our Vice Presidents of People, DEI, Legal, Investor Relations, Communications and Outreach, and Environmental Sustainability, as well as our Executive Vice President People and Communications, and our Chief Financial Officer. It is additionally reviewed by both our CEO and Executive Chairman.</p>
2-15	Conflicts of interest	<p>Management Approach to Corporate Governance Code of Ethics 2022 Proxy Statement, pp. 18-19</p>
2-16	Communication of critical concerns	<p>Management Approach to Corporate Governance Code of Ethics 2022 Proxy Statement, pp. 12-13</p> <p>Nature and total number of critical concerns is confidential information and is not communicated externally by the Company.</p>
2-17	Collective knowledge of the highest governance body	<p>Management regularly reports to the Board of Directors on significant sustainability strategies, plans, initiatives, and progress.</p>

Indicator	Description	2021 Response
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Guidelines 2022 Proxy Statement , pp.17-18
2-19	Remuneration policies	Management Approach to Corporate Governance Corporate Governance Guidelines 2022 Proxy Statement , pp. 23-57
2-20	Process to determine remuneration	2022 Proxy Statement , pp. 23-57
2-21	Annual total compensation ratio	2022 Proxy Statement , pp. 45 The Company does not report the ratio of the percentage change in annual total compensation ratio as it is not considered meaningful.

Strategy, Policies, and Practices

2-22	Statement on sustainable development strategy	A Word from Bob 2021 Form 10-K , pp. 12-14, 27-28
2-23	Policy commitments	The Company's primary corporate policy commitments can be found here: Corporate Governance Guidelines Corporate Policies Our Board of Directors have approved the following corporate policies: • Corporate Governance Guidelines • Code of Ethics • Policy on Shareholder Rights Plans All other corporate policies are approved by presiding Board of Director Committees or Senior Management.
2-26	Mechanisms for seeking advice and raising concerns	Our Management Approach to Corporate Governance Code of Ethics 2022 Proxy Statement , pp. 12-13
2-27	Compliance with laws and regulations	The Company did not receive any material monetary penalties or any non-monetary sanctions that would restrict the Company's ability to conduct operations.

Indicator	Description	2021 Response
2-28	Membership associations	<p>We develop and nurture authentic civic and business relationships across the more than 100 communities within the Southwest system. In 2021, we invested in more than 130 national, state, and local membership organizations including, but not limited to, the Chicagoland Chamber, Greater Baltimore Committee, Downtown Denver Inc., Dallas Regional Chamber, Hawaii Visitors and Convention Bureau, Los Angeles Area Chamber of Commerce, Greater Houston Partnership, and Florida Economic Development Council.</p> <p>Southwest also participates in:</p> <ul style="list-style-type: none"> • Airlines for America (A4A) • Aviation Climate Taskforce (ACT) • Coalition for Public Relations Research Standards • National Diversity Council Board • Dallas Citizens Council • U.S. Chamber of Commerce • Travelers United • Workforce Solutions Greater Dallas Board

Stakeholder Engagement

2-29	Approach to stakeholder engagement	Stakeholder Engagement
2-30	Collective bargaining agreements	<p>As of December 31, 2021, approximately 82% of our Employees are covered by collective bargaining agreements.</p> <p>The Company works to maintain parity in working conditions and terms of employment for Employees not covered by collective bargaining agreements as those covered under collective bargaining agreements.</p>

Material Topics

3-1	Process to determine material topics	Key Topics
3-2	List of material topics	Key Topics

Indicator	Description	2021 Response	
3-3	Management of material topics	<p>Key Topics</p> <p>Employee Health & Safety</p> <p>Diversity & Equal Opportunity</p> <p>Employee Retention & Recruitment</p> <p>Freedom of Association/Collective Bargaining</p> <p>Customer Health & Safety</p> <p>Human Rights</p> <p>Data Privacy</p> <p>Cybersecurity</p> <p>Crisis Management</p> <p>Economic Performance</p> <p>Fleet Management</p> <p>Fuel & Energy</p> <p>Greenhouse Gas Emissions</p> <p>Environmental Compliance</p> <p>Climate Impact</p> <p>Ethics</p>	<p>Management Approach:</p> <p>Health & Safety</p> <p>Diversity, Equity, and Inclusion</p> <p>Employment-Retention and Recruitment</p> <p>Freedom of Association/Collective Bargaining</p> <p>Health & Safety</p> <p>Human Rights</p> <p>Data Privacy</p> <p>Cybersecurity</p> <p>Corporate Governance-Risk Management and Crisis Planning</p> <p>Economic Performance</p> <p>Fleet Management</p> <p>Climate and Environment-Fuel & Energy</p> <p>Climate and Environment-Greenhouse Gas Emissions</p> <p>Climate and Environment-Environmental Compliance</p> <p>Climate and Environment-Climate Impacts</p> <p>Corporate Governance-Ethics and Corporate Compliance</p>

Economic Performance

201-1	Direct economic value generated and distributed	<p>2021 Financial Results</p> <p>Reporting on Business Performance</p> <p>10-Year Summary</p> <p>Expanding Our Network</p> <p>System Map</p> <p>Performance Data Table</p>
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Indicator	Description	2021 Response
201-2	Financial implications and other risks and opportunities due to climate change	<p>Our commitment to the Planet involves using resources efficiently and identifying emerging environmental trends and risks. In the air, we strive to responsibly manage our fuel consumption and improve our emissions intensity. Given fuel is one of our largest expenses, managing fuel consumption is not only good for the environment, it's also good for our bottom line. Regarding our position on potential risks associated with climate change, in our CDP (formerly the Carbon Disclosure Project) response, we identified risks associated with regulatory change and physical climate risks like extreme weather events as having the potential to create operational complexities. These complexities may affect airline operations, which could result in impacts to operational and capital costs and ontime performance.</p>
		<p>Management Approach to Climate Impacts 2021 Form 10-K, pp. 44-45 Southwest Airlines CDP Submission</p>
201-3	Defined benefit plan obligations and other retirement plans	<p>Southwest has defined contribution plans covering most of its Employees. The Company sponsors Employee savings plans under section 401(k) of the Internal Revenue Code of 1986, as amended. The Southwest Airlines Co. 401(k) Plan includes Company matching contributions subject to limits specified by the Board of Directors, the Internal Revenue Code, and applicable U.S. Treasury regulations. The Southwest Airlines Pilots Retirement Saving Plan has non-elective Company contributions. In addition, the Company may contribute a percentage of its eligible pre-tax profits, as defined, on an annual basis to the Southwest Airlines Co. ProfitSharing Plan (ProfitSharing Plan)—a defined contribution plan. No Employee contributions to the ProfitSharing Plan are allowed. The amount associated with the Company's defined contribution plans expensed in 2021 was \$749 million.</p> <p>Additionally, the Company provides post-retirement benefits to qualified Retirees in the form of medical and dental coverage. Employees must meet service and age requirements as set forth by the Company, or as specified in collective bargaining agreements with specific workgroups. Employees meeting these requirements, as defined, may use accrued unused sick time to pay for medical and dental premiums from the age of retirement until age 65. All medical plans are unfunded, and Southwest pays benefits as they become due. Estimated future post-retirement benefit payments expected to be paid are \$21 million in 2022, \$20 million in 2023, \$19 million in 2024, \$20 million in 2025, \$21 million in 2026, and \$115 million for the next five years thereafter.^{1,66}</p>
201-4	Financial Assistance Received from Government	<p>During 2021, we received a total of \$3.8 billion in Payroll Support Programs (PSP) proceeds from the US Treasury, of which roughly 70% was in the form of a grant and roughly 30% was in the form of a loan. The \$2.7 billion grant portion was used to offset salaries, wages, and benefits expenses during 2021.</p>

Indicator	Description	2021 Response
Indirect Economic Impact		
203-1	Infrastructure Investments & Services Supported	Growing Our Robust Network Management Approach to Community Outreach 2021 Form 10-K 48-49, 62-64
203-2	Significant indirect economic impacts	Growing Our Robust Network People Data Table Performance Data Table Management Approach to Community Outreach Management Approach to Economic Impact Management Approach to Supply Chain
Anti-Corruption		
205-2	Communication and training about anti-corruption policies and procedures	<p>At Southwest, we strive to maintain accountability and transparency of our business practices to reduce or eliminate corruption. We expect our Board of Directors and all Employees to acknowledge receipt and understanding of our Code of Ethics and Insider Trading Policy. We also employ robust auditing procedures to analyze and monitor business activities, which further enhance our ability to maintain high ethical standards. We continually review our systems to provide transparency and accountability, and we update our corporate governance policies when appropriate.</p> <p>During 2021, we also distributed our Foreign Corrupt Practices Act Policy and Anti-Corruption Compliance Procedures to the Board of Directors, all Company Officers, Senior Leaders of all departments, and select Employees and Contractors who are involved with Southwest's financial records and/or international operations. In 2021, more than 95% of Southwest recipients completed a Foreign Corrupt Practices Act Policy compliance questionnaire.</p>
Energy		
302-1	Energy consumption within the organization	<p>No onsite renewable energy consumed, purchase of over 39,000 MWh of Green-e certified RECs covering 100% of our corporate campus as of May 2021.</p> <p>Total of 64,616,834 MWh non-renewable energy consumed comprised of:</p> <ul style="list-style-type: none"> • Heating: 32,446 MWh • All electricity including cooling: 84,360 MWh • Jet A: 64,379,936 MWh • Other fuels: 120,092 MWh • Steam not captured due to de minimis impact <p>Heating and electricity data is captured through an energy bill aggregation tool which compiles utility data, capturing the electricity, natural gas, and water consumed in our operations. We maintain detailed records of our actual jet fuel and ground fuel consumption per station for all scheduled and unscheduled flights. GSE fuel is tracked and aggregated by fuel type, including auto gas, diesel fuel, dyed diesel fuel, propane fuel, and compressed natural gas. Emission factors and GWPs described in Greenhouse Gas Management Approach.</p> <p>Planet Data Table</p>



Indicator	Description	2021 Response
302-3	Energy intensity	<p>The energy intensity ratio includes the MWh associated with all Jet A, gasoline, diesel, propane, CNG, natural gas, and electricity consumed within our operations, divided by our revenue ton miles.</p> <p>Planet Data Table Management Approach to Climate and Environment-Fuel & Energy</p>
302-4	Reduction of energy consumption	<p>Given that jet fuel emissions make up over 99% of our total Scope 1 and 2 emissions, our tracking is focused on fuel saving initiatives. Between 2019 and 2021, we captured 980,720 MWh of incremental fuel savings as a result of conservation efforts.</p> <p>Incremental fuel savings (gallons) are tracked through a combination of direct measurements and estimates for several ground, air, and weight related fuel efficiency initiatives. The incremental fuel gallons savings from end of year 2019 to end of year 2021 were summed and converted to MWh using typical TJ/Gg values for Jet A per CDP guidance.</p> <p>Reduce Management Approach to Climate and Environment-Fuel & Energy Management Approach to Climate and Environment-Greenhouse Gas Emissions</p>
302-5	Reductions in energy requirements of products and services	<p>The Company's available seat miles per gallon of fuel consumed was 79.2 in 2021, representing a 4.6% increase in fuel efficiency over our 2019 baseline levels.</p> <p>Our fuel consumption and fuel saving programs are closely tracked and monitored in order to understand the incremental savings such initiatives yield each year. We track initiatives such as APU utilization, Single Engine Taxiing, Central Monitoring, RNP, Cost Index, weight saving initiatives.</p> <p>Reduce Planet Data Table Management Approach to Climate and Environment-Fuel & Energy Management Approach to Climate and Environment-Greenhouse Gas Emissions</p>
Emissions		
305-1	Direct (Scope 1) GHG emissions	<p>The baseline 2019 and current 2021 Scope 1 emissions can be found in the Planet Data Table. Biogenic CO₂ emissions were not relevant for our 2019 or 2021 operations.</p> <p>Management Approach to Climate and Environment-Greenhouse Gas Emissions</p>
305-2	Energy indirect (Scope 2) GHG emissions	<p>The baseline 2019 and current 2021 location-based Scope 2 emissions can be found in the Planet Data Table. Market based Scope 2 emissions will additionally be included in our CDP response this year, but not yet prepared for the timing of the One Report. Reduced occupation of buildings in 2021 was the largest contributor to reductions in Scope 2 emissions in 2021.</p> <p>Management Approach to Climate and Environment-Greenhouse Gas Emissions Southwest Airlines CDP Submission</p>



Indicator	Description	2021 Response
305-3	Other indirect (Scope 3) GHG emissions	<p>The baseline 2019 and current 2021 Scope 3 emissions from Employee commuting can be found in the Planet Data Table. Biogenic CO₂ emissions were not relevant for our 2019 or 2021 operations.</p> <p>Management Approach to Climate and Environment-Greenhouse Gas Emissions Southwest Airlines CDP Submission</p>
305-4	GHG emissions intensity	<p>We measure intensity by emissions (including all Scope 1 and Scope 2) per available seat mile. This includes all jet and GSE fuel, as well as the heating and electricity emissions associated with buildings and structures under our operational control.</p> <p>Planet Data Table Management Approach to Climate and Environment-Greenhouse Gas Emissions Southwest Airlines CDP Submission</p>
305-5	Reduction of GHG emissions	<p>Given that Southwest reports on the relevant CO₂, CH₄, and N₂O associated with our operations only, reported as CO₂e, we measure our reduction of GHG emissions with this same scope of gases included. We measure reductions in the form of an emissions intensity reduction (Scope 1 and 2) per ASM from our baseline 2019. In 2021, our emissions intensity reduced 5.1% compared to the 2019 baseline. Our fleet modernization plans and fuel efficiency initiatives contribute to this reduction in emissions intensity. Since 2019, fuel saving initiatives are estimated to have saved 25 million gallons of jet fuel, equivalent to 248,000 metric tons CO₂e with 7.5 million gallons of savings occurring in 2021 alone. These incremental savings came largely from closely tracked single engine taxiing, central monitoring, flight optimization, and weight saving initiatives.</p> <p>Our 10-Year Environmental Sustainability Plan and Long-Term Goals Reduce Planet Data Table Management Approach to Climate and Environment-Fuel & Energy Southwest Airlines CDP Submission</p>
305-6	Emissions of ozone-depleting substances (ODS)	<p>One of the most important issues surrounding chemical management is the use of ozone-depleting substances. The ozone layer prevents harmful ultraviolet light from passing through the atmosphere, and the use of these substances can cause a decrease in the total volume of the ozone layer. Potential ozone-depleting substances Southwest presently uses include refrigerants found in the HVAC systems and appliances of Southwest operated buildings and the air conditioning systems of Company vehicles. Based on an upper-bound assumption of the expected losses that would occur from Southwest facilities, in 2019, we determined that the emissions from these refrigerants represented less than 0.02% of our total greenhouse gas emissions. We do not produce or import ozone-depleting substances in Southwest operations.</p>
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Planet Data Table

Indicator	Description	2021 Response
Waste		
306-3	Waste generated	<p>Waste generation is tracked through multiple sources and third parties, with reports collected for each year to provide a comprehensive summary of all our waste disposal across our stations. Material data collected includes scrap metal, batteries, e-waste, light bulbs, shredded paper, municipal waste, and all maintenance and cleaning agents (oil filters, glycol, solvents, paints, etc.). All forms of waste are broken out by hazardous and non-hazardous categorization, energy recovery status, quantity of material, and total weight.</p> <p>Planet Data Table Repurpose with Purpose</p>
306-4	Waste diverted from disposal	<p>Waste diversion is tracked through multiple sources and third parties, with reports collected for each year to provide a comprehensive summary of all our waste disposal across our stations. Material data collected includes scrap metal, batteries, e-waste, light bulbs, shredded paper, comingled recycling, and recycled maintenance and cleaning agents (oxygen generators, sealants, petroleum products, etc.). Each line item of waste is broken out by energy recovery status, quantity of material, and total weight with 2,795,929 lbs of waste recycled in 2021. Additionally, the impact of our repurpose program, Repurpose with Purpose, is separately tracked and reported with 144,000 lbs reused in 2021.</p>
Employment		
401-1	New employee hires and employee turnover	People Data Table
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Full-time and part-time Employee benefits include:</p> <ul style="list-style-type: none"> Health coverage, including medical, prescription, dental, vision, and an Employee Assistance Program for mental health care. Voluntary benefits, including company-provided life, optional life, accidental death and dismemberment insurance, and short-term and long-term disability. Financial benefits including retirement through a 401(k) including company match, Employee Stock Purchase plan, and ProfitSharing plan. Paid time off, including, vacations, personal time, sick time, disability, and for noncontract Employees, holidays and parental leave. Other benefits including standby travel privileges for themselves and eligible dependents, Southwest Airlines Gratitude (SWAG) recognition points, training opportunities, and our Tickets for Time volunteer program. <p>Non-Employee workers, such as contractors, do not receive all benefits listed above.</p>
401-3	Parental leave	<p>For qualifying Employees, Southwest offers six weeks paid leave for a custodial birth parent (mother or father), the Spouse or Committed Partner of a custodial birth parent at the time of birth, a surrogate parent, or a newly adoptive parent. This benefit for eligible Employees begins 90 days after the Employee's last date of hire.</p> <p>People Data Table Management Approach to Employment Employee Benefits</p>

Indicator	Description	2021 Response
Labor/Management Relations		
402-1	Minimum Notice Period Regarding Operational Changes	To create the best possible work environment, we strive to provide our Employees with advanced notice of significant operational changes through proactive communication. Notice is provided to Contract Employees (and their respective Unions) per the terms of our collective bargaining agreements. For example, we provided notice when we made operational changes to our flight schedule and policy updates related to vaccine requirements.
Occupational Health & Safety		
403-1	Occupational health & safety management system	Management Approach to Health & Safety
403-2	Hazard identification, risk assessment, and incident investigation	Management Approach to Health & Safety
403-3	Occupational health services	Management Approach to Health & Safety
403-4	Worker participation, consultation, and communication on occupational health & safety	Management Approach to Health & Safety
403-5	Worker training on occupational health & safety	Management Approach to Health & Safety
Training and Education		
404-1	Average hours of training per year per employee	People Data Table
404-2	Programs for upgrading employee skills & transition assistance programs	Management Approach to Employment

Indicator	Description	2021 Response
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	People Data Table
Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Management Approach to Freedom of Association/Collective Bargaining
Public Policy		
415-1	Political contributions	Management Approach to Public Policy
Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and services categories	Continued COVID-19 Response Management Approach to Health & Safety
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints regarding customer privacy from a regulator or consumer during 2021.

SASB Index

Sustainability Disclosure Topics and Accounting Metrics

Topic	Code	Metric	Category	Unit of Measure	2021 Response
Greenhouse Gas Emissions	TR-AL-110a.1	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO ₂ e	16,351,057 Planet Data Table Management Approach to Climate and Environment-Greenhouse Gas Emissions
	TR-AL-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets			Our 10-Year Environmental Sustainability Plan and Long-Term Goals Reduce Management Approach to Greenhouse Gas Emissions Management Approach to Fuel & Energy
	TR-AL-110a.3	1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable			Total jet fuel consumed in 2021 was 64,379,936 megawatt-hours with 0% alternative sustainable fuels consumed.
Labor Practices	TR-AL-310a.1	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	Approximately 82%
	TR-AL-310a.2	1) Number of work stoppages and (2) total days idle	Quantitative	Number Days idle	0 & 0
Competitive Behavior	TR-AL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulation	Quantitative	Reporting Currency	\$0
Accident & Safety Management	TR-AL-540a.1	Description of implementation and outcomes of a Safety Management System	Discussion and Analysis	n/a	Management Approach to Health & Safety
	TR-AL-540a.2	Number of aviation accidents	Quantitative	Number	<ul style="list-style-type: none"> One event involving aircraft damage resulting from contact between two Southwest aircraft One event involving a Flight Attendant fracturing an ankle during a turbulence event
	TR-AL-540a.3	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	No FAA legal enforcement actions

Activity Metrics

Metrics that quantify the scale of a company's business and are intended for use in conjunction with accounting metrics to normalize data and facilitate comparison.

Code	Activity Metric	Category	Unit of Measure	2021 Response
TR-AL-000.A	Available seat miles (ASM)	Quantitative	ASM ⁷¹	132,006 million
TR-AL-000.B	Passenger load factor	Quantitative	Rate	78.5%
TR-AL-000.C	Revenue passenger miles (RPM)	Quantitative	RPM ⁷¹	103,562 million
TR-AL-000.D	Revenue ton miles (RTM)	Quantitative	RTM ⁷¹	11.6 billion
TR-AL-000.E	Number of Departures	Quantitative	Number	1,066,934 (measured as Trips Flown)
TR-AL-000.F	Average age of fleet	Quantitative	Years	13





United Nations Sustainable Development Goals and Indicators

The United Nations Sustainable Development Goals (SDGs) are a set of 17 Goals created as a call to action to address pressing global challenges.

While Southwest supports all 17 SDGs, our 2020 key topics assessment illuminated potential areas for operational improvements. Our assessment also allowed us to enhance our CSR and ESG reporting approach, and helped us align our CSR and ESG activities with the SDGs and the GRI and SASB reporting frameworks. These goals help inform our citizenship strategy and help us best leverage our People and resources to tackle pressing global challenges.



SDG 3- Support Healthy Living and Promote Well-Being

3 GOOD HEALTH AND WELL-BEING



3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

- Southwest's Community Outreach Team works to give back and do good in the community in a number of ways, including by supporting life-changing transportation as a key pillar of its giving strategy. We do this by providing life-saving transportation to support specialized medical treatment and care, promoting health and preventing increased mortality rates.
- Awarded 7,500 tickets to 71 hospitals and 5 medical transportation charities to help patients travel for treatment as part of [Southwest's Medical Transportation Grant Program](#).
- Committed \$50,000 to the World Health Organization Foundation in support of their "Go Give One" campaign, providing 10,000 vaccines to be distributed to those who need it most.
- Southwest Employee benefits include a variety of programs, initiatives, and resources targeted at Employee mental health, such as the opportunity to attend mental health webinars. We also conduct Companywide surveys to assess Employee engagement and job satisfaction.

3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol

- Southwest Airlines takes pride in taking care of our Employees and their eligible dependents, especially when it comes to the assistance for substance abuse disorder.
- Southwest has a designated, on-site Counselor available to all Southwest Airlines Employees and eligible dependents who provide one-on-one counseling, advocacy via Clear Skies, and education sessions.
- Enhanced healthcare plans and removed financial barriers when Employees or their eligible dependents use an in-network provider for treatment.
- An essential and critical part of a drug-free workplace is providing assistance or support to Employees who need it. Southwest Airlines encourages its Employees to come forward to seek assistance. It offers a Company program to assist the Employee with evaluation, treatment, and follow-up care in an effort to support their sobriety.
- Unshattered, a partner in our Repurpose with Purpose program, is a 501(c)3 nonprofit that employs women in recovery to make goods out of leather Southwest seat covers. The organization seeks to end the addiction to relapse cycle by providing pathways toward economic stability and long-term sobriety.

SDG 4- Ensure Inclusive and Equitable Quality Education and Promote Lifelong Learning Opportunities for All



4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

- Our K-12 programs engage future Southwest Employees at an early age and inspire an interest in a career in aviation through programs including Aviation Days, High school internships, Summer Camp, and more. Learning outcomes include career awareness and preparation. Southwest focuses on equity through K-12 partners including the Organization of Black Aerospace Professionals, Women in Aviation, local schools, and others.

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

- Through programs such as Campus Reach, Destination 225°, and Career Mobility we engage with youth and adults who are looking to develop new skills for employment while offering accessible pathways. We actively invest in educational programs and partnerships that inspire the next generation to pursue traditional and non-traditional career pathways.
- We partner with organizations such as Historically Black Colleges and Universities (HBCU) First for students where 50+ HBCUs participate in a business case challenge and engage students for internship opportunities at Southwest Airlines. Our Campus Reach program works with various Minority Servicing Institutions to share our internship and early career opportunities.
- We aim to enable personal and professional advancement to empower individuals and communities through our partnerships. Examples include, but are not limited to:
 - Awarded 185 college students with complimentary travel through Southwest's ¡Lánzate!/Take Off! Higher Education Travel Award Program, providing the opportunity for Latino students to pursue higher education pathways while remaining connected to their families.
 - Educated and mentored 210 participants in the Destination 225° Program which develops skills and experience needed to become First Officers for Southwest Airlines.
 - Provided unique learning opportunities through our Adopt-A-Pilot program to inspire and educate students on career pathways in the Aviation industry.
 - Awarded 17 scholarships, totaling \$110,000, to support students in the pursuit of higher education and to inspire a diverse talent pipeline in the aviation industry.

4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development

- Partnered with hundreds of organizations across the country which provide educational opportunities related to leadership, sustainable lifestyles, education, human rights, gender equality, and entrepreneurship including, but not limited to, Hispanic Heritage Foundation, National Urban League, 100 Black Men, Ecorise, National Association of Women Business Owners, Student Conservation Association, and MANA de San Diego.
- We offer DEI training and education resources to all Employees, and especially encourage Leadership and those in hiring roles partake. We also have resources on combating human trafficking. This curriculum is optional for all Employees, but there are certain operational portions that are required for various Customer facing groups.



SDG 5- Achieve Gender Equality and Empower All Women and Girls



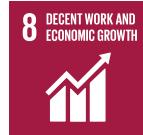
5.1 End all forms of discrimination against all women and girls everywhere

- Our Supplier Diversity Program seeks sustainable, diverse suppliers that are women-owned.
- In 2021, Southwest built a DEI Center of Excellence within Talent Acquisition to support and implement best practices in recruitment and hiring – including but not limited to the importance of candidate engagement, tracking data to ensure representation, offering diversity in interview panels, and building and delivering trainings to hiring leaders and recruiters so they are aware of best practices.

5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation

- Southwest supports prevention, rescue, and restoration initiatives to address the systemic issues impacting human trafficking.
- Supported the National Trafficking Hotline through our partnership with Polaris and provided complimentary travel to transport victims to safety ([Southwest Airlines Expands Fight Against Human Trafficking](#)).
- Added placards promoting the Human Trafficking Hotline and Crew Member support in aircraft lavatories and displayed a digital banner with a human trafficking message and Polaris website on Southwest's Inflight Entertainment Portal.
- Offered human trafficking Awareness curriculum titled "A Safety Story: Teaming up Against Human Trafficking." This curriculum was created to raise awareness for potential signs of trafficking and to teach how to take action if one suspects trafficking may be taking place. All Employees are encouraged to complete this training and all Leaders are required to complete the course. In 2021 we had 10,327 Employees complete training. Additionally, we provided operational training that also includes curriculum on human trafficking and more than 13,000 Employees completed the course.

SDG 8- Promote Sustained, Inclusive and Sustainable Economic Growth, Full and Productive Employment and Decent Work for All



8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors

- In 2020 and 2021 we went live with the Global Distribution System (GDS) platforms:
 - Amadeus
 - Travelport's Apollo, Galileo, and Worldspan
 - Sabre

All resulting in the removal of friction for Customers in their most preferred corporate booking channel, which represents an opportunity to earn a larger share of the managed business market and offer a great product for business travelers.

- Additionally, since the pandemic began, we have launched service to 18 new airports, 14 of which launched in 2021. As demand fell significantly at the onset of the pandemic, we looked for places to redeploy our People and our aircraft that would have otherwise sat idle.
- Southwest introduced Maintenix as an innovative upgrade for our maintenance compliance practices. This new system replaced two different systems to drive compliant practices for an ever-growing, multi-configured fleet of Boeing 737s.

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead

- Conserving resources is good for everyone. It's good for our business – we save money on fuel and electricity. It's good for our Customers – it helps us keep their fares low. And it's good for the Planet – jet fuel consumption contributes to over 99% of our Scope 1 and Scope 2 greenhouse gas emissions, so every gallon of fuel saved makes a difference. In 2021, we developed a plan to maintain carbon neutral growth (to 2019 levels) every year through the end of the decade.¹
- In 2021, we experienced a fuel efficiency improvement of 4.6% against our 2019 baseline when measured in available seat miles (ASMs) per gallon of jet fuel consumed.

8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms

- Southwest Airlines seeks to comply with applicable laws, and our policies regarding labor and human rights are consistent with international standards. We support and align with U.N. Guiding Principles for Business and Human Rights, the International Bill of Human Rights, and the International Labor Organization.
- Our Human Rights Policy Statement details our commitments to addressing labor issues such as forced labor, modern slavery, human trafficking, and child labor.
- Our supplier questionnaire is a crucial part of our procurement vetting process where we expect suppliers to comply with applicable laws, including those regarding child and/or forced labor.
- We train Employees through our Human Trafficking Awareness curriculum to recognize and prevent human trafficking on our planes and in the airports we serve.



SDG 10- Reduce Inequality Within and Among Countries



10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

- With high competition for available talent, we recognize the importance of Southwest's compensation and benefits to attracting and retaining the workforce necessary for business recovery and growth. In 2021, we evolved our approach to compensation to become more market competitive. We made additional investments to attract and retain talent, including our desire to increase our starting hourly pay rates so that all hourly Employees make at least \$15 per hour. We are grateful for the ability to make this pay increase—for both our current Southwest Family and those considering joining us—at one of the world's most admired companies.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

- We created Diversity Hiring courses to help Leaders recognize and minimize unconscious bias in the workplace and to promote DEI in the hiring process. Since September 2021, 533 Leaders and Interview Panelists have completed Diversity Hiring the SWA Way and 440 Leaders and Interview Panelists have completed Recognizing Bias in Recruiting.
- Launched Sponsorship/Executive Mentorship Pilot Program with 103 Mentors/Mentees in 2021. Also launched an Enterprise-wide mentorship program supporting all Leaders. In 2021, we matched 53 Mentor/Mentee pairs.
- Building a Culture of civility that focuses on inclusion promoting diverse perspectives and practices.
- Supported nonprofit and advocacy organizations that empower and promote inclusion for all, providing for equal opportunity. Partners include: National LGBT Chamber of Commerce (NGLCC), Texas Women's Foundation, Equality California, and Disability:IN.

SDG 11- Make Cities and Human Settlements Inclusive, Safe, Resilient And Sustainable



11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

- One of our strategic giving pillars focuses on living resiliently. This includes actively preparing for unexpected disasters or events to restore and rebuild strong communities. We supported our annual giving program to ensure preparedness and response during times of crisis or disaster.
- Donated \$75,000 each to the American Red Cross, Team Rubicon, and Feeding America to restore and rebuild communities, and engaged Customers in a giving campaign which raised over \$110,000 for these organizations.

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

- Southwest strives to be a good neighbor in every community we serve. We work closely with the airports we fly to and abide by local environmental requirements and work with them toward their sustainability goals. On the ground, we have a focus on reducing fuel burn at airports through electrification of our ground support equipment, use of single engine taxiing whenever possible, and a focus on minimizing use of the auxiliary power unit (APU). As of December 2021, we have electrified over 1,450 of our ground support vehicles, making up 29% of our most eligible equipment.
- In April 2021 Southwest Airlines donated to the National Forest Foundation (NFF) in honor of the Company's 50th Anniversary. To commemorate this special occasion, Southwest worked with NFF to plant 1,000 trees for each of the carrier's 50 years of service. The 50,000 trees will be planted throughout California, Georgia, and Oregon, in an effort to help support wildfire recovery, restore native ecosystems, improve water and air quality, and reduce soil erosion. This \$50,000 donation is being funded through the Southwest Airlines Foundation, a corporate advised fund housed within the Silicon Valley Community Foundation.

SDG 12- Ensure Sustainable Consumption and Production Patterns



12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

- Through programs like Repurpose with Purpose, we partner with like-minded organizations to upcycle, downcycle, and recycle thousands of pounds of materials every year, keeping them out of landfills. In 2021, we repurposed nearly 144,000 pounds of used aircraft seat covers.
- We aim to extend the life-cycle of retired Southwest aircraft by selling to other carriers for continued use as a passenger aircraft. Aircraft that are not sold are sent to Arizona where approximately 85% of the aircraft is recycled. Engines, avionics, and fuselages are donated to non-profit organizations to assist with education and historical opportunities.
- Many items are left onboard airplanes or in terminals, and while we do our best to reconnect owners with their lost items, some items go unclaimed. We partner with a national distributor to sell the lost items, and proceeds from the sales are donated to the Salvation Army.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

- We have annually reported on the progress of our climate change mitigation actions in our One Report, which includes Global Reporting Initiative (GRI) Standards that have been used to guide our ESG disclosures since 2009. To continue providing our Stakeholders with the utmost transparency, we linked the One Report to Sustainability Accounting Standards Board (SASB) and United Nations Sustainable Development Goals (SDGs) standards starting in 2020.
- Southwest has voluntarily reported our greenhouse gas emissions through CDP for the past 10 years. In our CDP response, we quantify climate change impacts, risks, and opportunities on our business, and provide information on how we're integrating climate change into our business strategy.

SDG 13- Take Urgent Action to Combat Climate Change and Its Impacts



13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

- We know it's our responsibility to protect our Planet now and for future generations. Our long-term goal is to be carbon neutral by 2050. An important step in that long-term plan is a tangible strategy and clear set of actions for the next 10 years. Our goal is to maintain carbon neutral growth to 2019 levels every year through the end of the decade, which we plan to achieve by:
 - Reducing our carbon emissions per available seat mile by at least 20% by 2030 as compared with 2019 without the use of carbon offsets
 - Replacing 10% of our total jet fuel consumption with sustainable aviation fuel (SAF) by 2030
 - Offsetting any remaining emissions through quality certified offsets¹
- As one of the six hard-to-abate sectors (i.e., sectors where decarbonization efforts face complications by technology limitations and/or significant costs), we also believe it is important to educate our Stakeholders on the challenges and need for collaboration across the value-chain to combat climate change. In addition to our partnerships, such as with Yale's Center for Natural Carbon Capture and as a founding member of the Aviation Climate Taskforce, we have also created opportunities for Customers to directly engage with us. In 2021, we launched the following programs and are committed to keeping the conversation going as we move aviation towards a more sustainable future together.
 - The first U.S.-based airline carbon offset offer with loyalty points and for every dollar contributed toward offsetting Southwest's carbon emissions, Southwest will match the contribution.²⁵
 - The Green Incentive Program, a Southwest Business performance-based incentive program that provides corporate Customers the opportunity to earn and use funds for their company's sustainability initiatives, which could include offsets or other initiatives.
 - The SAF Beta Program, engaging with select corporate Customers including Deloitte and Zurich North America, to help support the utilization of SAF in our operations.

Endnotes

Number	Text
1	The 2021 Southwest Airlines One Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Specific forward-looking statements include, without limitation, statements related to (i) the Company's Vision; (ii) the Company's plans, vision, goals, objectives, and initiatives related to diversity, equity, and inclusion; (iii) to the Company's environmental sustainability goals, plans, and initiatives, including with respect to achieving carbon neutrality, maintaining carbon neutral growth, reducing carbon emissions intensity, replacing conventional jet fuel with sustainable aviation jet fuel, offsetting carbon emissions, engaging with third parties, and improving fuel efficiency; (iv) the Company's plans and expectations with respect to network restoration, expansion, and optimization, including factors and assumptions underlying the Company's plans and expectations; (v) the Company's expectations with respect to hiring, staffing, and productivity; (vi) the Company's goals with respect to global distribution system access and related capabilities; (vii) the Company's goals, plans, and expectations regarding its fleet and fleet delivery schedule; and (viii) the Company's plans with respect to Employee training and development. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary from those expressed in or indicated by them. Factors include, among others, (i) any negative developments related to the COVID-19 pandemic, including, for example, with respect to the duration, spread, severity, or any recurrence of the COVID-19 pandemic or any new variant strains of the underlying virus; the effectiveness, availability, and usage of COVID-19 vaccines; the impact of government mandates, directives, orders, regulations, and other governmental actions related to COVID-19 on the Company's business plans and its ability to retain key Employees; the extent of the impact of COVID-19 on overall demand for air travel and the Company's related business plans and decisions; and the impact of the COVID-19 pandemic on the Company's access to capital; (ii) the impact of labor matters on the Company's business decisions, plans, and strategies; (iii) the impact of fuel price changes, fuel price volatility, volatility of commodities used by the Company for hedging jet fuel, and any changes to the Company's fuel hedging strategies and positions, on the Company's business plans and results of operations; (iv) the impact of fears or actual outbreaks of other diseases, extreme or severe weather and natural disasters, actions of competitors, consumer perception, economic conditions, fears of terrorism or war, socio-demographic trends, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (v) the Company's dependence on Boeing with respect to the Company's operations, strategies, and goals; (vi) the Company's dependence on the FAA, including with respect to the NextGen program and authorizations required for delivery and entry into service of the Boeing MAX 7 aircraft; (vii) the Company's dependence on other third parties, in particular with respect to its fuel supply, environmental sustainability initiatives, and corporate travel enhancements, and the impact on the Company's goals and plans of any third party delays or non-performance; (viii) the impact of governmental regulations and other governmental actions on the Company's business plans and operations, including with respect to carbon emissions, sustainable aviation fuel tax credits, environmental compliance requirements, and other sustainability matters; (ix) the Company's ability to timely and effectively implement, transition, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives; and (x) other factors, as described in the Company's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.
2	U.S. Dept. of Transportation most recent reporting of domestic originating passengers boarded.
3	Active, full-time equivalent Employees as of December 31, 2021.
4	SWAG Points are redeemable through our internal Employee recognition platform. If an Employee's referral is hired, they can receive 10,000 SWAG Points on their referral's first day of work and 10,000 SWAG points after the referral completes six months of employment.
5	https://www.swamedia.com/releases/release-66d1c9ae7fd4aa2df09a33d5866e239b-southwest-airlines-continues-companywide-commitment-toward-diversity-equity-and-inclusion
6	Measuring 0.3 micrometers or greater in diameter passing through the filter.
7	https://www.swamedia.com/releases/release-6fa137b626d66e44c10f2d1ad0dc8ed-southwest-airlines-champions-education-by-awarding-more-than-100000-in-scholarships



Number	Endnote Description
8	Active, full-time equivalent Employees as of December 31 for specific calendar year. Included less than 250 and 10,421 Employees participating in the Extended Emergency Time Off program as of December 31, 2021 and 2020, respectively.
9	Workers retained by Southwest through third-party agencies to provide temporary, non-collective bargaining agreement (CBA) staff augmentation services (e.g., coverage for Employees out on leave, supplementary staffing for project work, etc.). Does not include personnel of professional and managed services organizations engaged by Southwest.
10	Based on active and inactive Employees as of December 31, for specific calendar year.
11	Based on Employees' voluntary self-disclosure. Approximately 0.1% of Employees chose not to disclose their race or ethnicity.
12	Based on Board of Directors members' voluntary self-disclosure. Includes active Board of Directors members as of the date of the One Report for the specific calendar year (i.e., April 22, 2022 for the 2021 One Report).
13	Prior year reported values have been adjusted to conform with the methodology utilized for the 2021 presentation.
14	Parental leave is available to eligible Employees. This includes all noncontract Employees as well as Employees who have a parental leave clause in their collective bargaining agreement including Dispatchers, Flight Attendants, and Meteorologists.
15	Calculated as number of terminations divided by average total (active + inactive) headcount for 2021.
16	Committee membership lists reflect members as of the publication of the One Report on April 22, 2022.
17	SWAG is Southwest's Employee recognition program which stands for "Southwest Airlines Gratitude."
18	Includes Southwest's contributions to Employee health and welfare plans, workers' compensation insurance, and employer payroll taxes. 2020 includes one-time accrual for Employees participating in voluntary separation programs.
19	Reported figures are from prior year to facilitate calculation of return to work and 12 month retention rates.
20	Reporting includes Employees that returned from parental leave by December 31 of the prior year and were still employed 12 months after their return.
21	Calculated as total number of Employees that returned to work after parental leave in the prior year divided by total number of Employees due to return to work after taking parental leave.
22	Calculated as total number of Employees that returned from parental leave by December 31 of the prior year and were still employed 12 months after their return divided by total number of Employees returning from parental leave in the prior year.
23	Based on Independent Sector's value of volunteer time of \$28.54 per hour (updated April 2021). https://independentsector.org/value-of-volunteer-time-2021/
24	https://www.swamedia.com/releases/release-6fa137b626d66e44c10f2d1ad01c46e8-southwest-airlines-announces-10-year-environmental-sustainability-plan
25	Taxes and fees will not be matched by Southwest or earn points. Rapid Rewards® Members can earn 10 Rapid Rewards bonus points per dollar contributed towards the purchase of offsets for Southwest up to a maximum of 500 Rapid Rewards bonus points per month. Points will only be awarded to the Rapid Rewards Member's Rapid Rewards account number entered at the time of the carbon offset transaction. All offsets will be retired in the name of Southwest Airlines Co. Terms and conditions apply.
26	Scope 1 and 2 emissions as compared with 2019, excludes the use of carbon offsets, includes the use of sustainable aviation fuel and other initiatives.

Number	Endnote Description
27	Includes Inspectors and Mechanics, Appearance Technicians, Material Specialists, Supervisors, and certain other Technical Operations Support Staff.
28	Southwest Airlines 2021 Form 10-K
29	https://airlines.iata.org/analysis/realizing-the-potential-of-sustainable-aviation-fuel
30	Lowest carbon intensity claim is according to Velocys. Please see https://www.swamedia.com/releases/release-6fa137b626d66e44c10f2d1ad0a93b6e-southwest-airlines-announces-15-year-agreement-with-velocys-for-219-million-gallons-of-sustainable-aviation-fuel .
31	Southwest Airlines Announces 15-Year Agreement With Velocys For 219 Million Gallons Of Sustainable Aviation Fuel
32	https://www.swamedia.com/releases/release-6fa137b626d66e44c10f2d1ad02e4f87-southwest-airlines-launches-carbon-offset-offer-with-rapid-rewards-bonus-points-and-company-contribution-match
33	Southwest relies solely on CHOOSE™ to verify the integrity, quality, and permanence of all offsets purchased with contributions made through http://southwestCO2.com or with funds contributed by Southwest. Southwest makes no independent representations or guarantees with respect to the offset ultimately purchased or sourced by CHOOSE™ using contributions made through http://southwestCO2.com or with funds contributed by Southwest.
34	https://community.southwest.com/t5/Blog/Repurpose-with-Purpose-Goes-to-School/ba-p/133645
35	Per tree carbon estimates provided by the NFF. Carbon sequestration from this project will not be converted to carbon offsets.
36	Estimated using fuel consumption data from The International Civil Aviation Organization (ICAO) for Boeing 737-800 aircraft.
37	https://www.swamedia.com/releases/release-6fa137b626d66e44c10f2d1ad05ab708-southwest-airlines-joins-new-aviation-climate-taskforce
38	A revenue ton mile (RTM) is one ton of revenue traffic (passenger and cargo) transported one mile.
39	Water consumption is primarily for domestic use at our facilities.
40	Emissions from refrigerant losses are not included in our emissions inventory due to their de minimis impact on our overall emissions.
41	A revenue passenger mile (RPM) is one paying Passenger flown one mile. Also referred to as "traffic," which is a measure of demand for a given period.
42	An available seat mile (ASM) is one seat (empty or full) flown one mile. Also referred to as "capacity," which is a measure of the space available to carry Passengers in a given period.
43	U.S. Department of Transportation. (2022, February). Air Travel Consumer Report (ATCR): A Product of the Office of Aviation Enforcement and Proceedings, Aviation Consumer Protection Division. Washington, D.C. https://www.transportation.gov/individuals/aviation-consumer-protection/february-2022-air-travel-consumer-report . The Department of Transportation (DOT) ranks all U.S. carriers based on the lowest ratio of complaints per 100,000 passengers enplaned, as published in the DOT Air Travel Consumer Report (ATCR). Southwest earned the second best Customer Satisfaction ranking among U.S. Marketing Carriers with the second lowest ratio of complaints to the DOT per 100,000 enplaned passengers for 2021. A Marketing Carrier is an airline that advertises under a common brand name, sells reservations, manages frequent flyer programs, and is ultimately responsible for the airline's consumer policies. Operating Carriers only handle the flight operations, passenger check-in/boarding, and baggage handling for the respective Marketing Carriers they serve—Operating Carriers are not responsible for DOT complaints related to policies, procedures, and advertising associated with the Marketing Carrier's brand.

Number	Endnote Description
44	NOx and SOx emissions are reported in our annual emissions inventories for our DAL and PHX facilities. Data is from prior year due to air emissions reporting cycle.
45	Reported values for 2020 and 2019 have been restated to reflect consistent rounding conventions.
46	Waste and material recycled from aircraft and select facilities as part of Southwest's waste management and co-mingled recycling programs. Data is not available for all locations where Southwest operates. Does not include international flights due to regulations that require waste from international flights to be sterilized.
47	<p>The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These GAAP financial statements may include (i) unrealized noncash adjustments and reclassifications, which can be significant, as a result of accounting requirements and elections made under accounting pronouncements relating to derivative instruments and hedging and (ii) other charges and benefits the Company believes are unusual and/or infrequent in nature and thus may make comparisons to its prior or future performance difficult.</p> <p>As a result, the Company also provides financial information in this report that was not prepared in accordance with GAAP and should not be considered as an alternative to the information prepared in accordance with GAAP. The Company provides supplemental non-GAAP financial information (also referred to as "excluding special items"), including results that it refers to as "economic," which the Company's management utilizes to evaluate its ongoing financial performance and the Company believes provides additional insight to investors as supplemental information to its GAAP results. The non-GAAP measures provided that relate to the Company's performance on an economic fuel cost basis include: net loss, non-GAAP.</p> <p>The Company's economic fuel and oil expense results differ from GAAP results in that they only include the actual cash settlements from fuel hedge contracts—all reflected within fuel and oil expense in the period of settlement. Thus, fuel and oil expense on an economic basis has historically been utilized by the Company, as well as some of the other airlines that utilize fuel hedging, as it reflects the Company's actual net cash outlays for fuel during the applicable period, inclusive of settled fuel derivative contracts. Any net premium costs paid related to option contracts that are designated as hedges are reflected as a component of fuel and oil expense, for both GAAP and non-GAAP (including economic) purposes in the period of contract settlement. The Company believes these economic results provide further insight into the impact of the Company's fuel hedges on its operating performance and liquidity since they exclude the unrealized, noncash adjustments and reclassifications that are recorded in GAAP results in accordance with accounting guidance relating to derivative instruments, and they reflect all cash settlements related to fuel derivative contracts within fuel and oil expense. This enables the Company's management, as well as investors and analysts, to consistently assess the Company's operating performance on a year-over-year or quarter-over-quarter basis after considering all efforts in place to manage fuel expense. However, because these measures are not determined in accordance with GAAP, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same manner. As a result, the aforementioned measures, as presented, may not be directly comparable to similarly titled measures presented by other companies.</p> <p>Further information on (i) the Company's fuel hedging program, (ii) the requirements of accounting for derivative instruments, and (iii) the causes of hedge ineffectiveness and/or mark-to-market gains or losses from derivative instruments is included in Note 11 to the Consolidated Financial Statements on Form 10-K for the fiscal year ended December 31, 2021.</p> <p>The Company's GAAP results in the applicable periods may include other charges or benefits that are also deemed "special items," that the Company believes make its results difficult to compare to prior periods, anticipated future periods, or industry trends. Financial measures identified as non-GAAP (or as excluding special items) have been adjusted to exclude special items. For the periods presented, in addition to the items discussed above, special items include:</p> <ul style="list-style-type: none"> • Proceeds related to PSP, which were used to pay Employee salaries, a portion of wages, and benefits; • Accrued charges related to the special termination benefits upon Employees accepting Voluntary Separation Program 2020 or Extended ETO as of December 31, 2021; • Adjustments for prior period losses reclassified from AOCI associated with forward-starting interest rate swap agreements that were terminated in prior periods related to 12 -8 aircraft leases; • A noncash impairment charge related to 8 Boeing 737-700 aircraft that were retired in 2021; and • Losses associated with the partial extinguishment of the Company's convertible notes.



Number	Endnote Description
	Because management believes special items can distort the trends associated with the Company's ongoing performance as an airline, the Company believes that evaluation of its financial performance can be enhanced by a supplemental presentation of results that exclude the impact of special items, in order to enhance consistency and comparativeness with results in prior periods that do not include such items and as a basis for evaluating operating results in future periods. The following measure is often provided, excluding special items, and utilized by the Company's management, analysts, and investors to enhance comparability of year-over-year results, as well as to industry trends: net loss, non-GAAP.
	Information regarding special items and reconciliation of reported amounts to amounts excluding special items are included in the accompanying reconciliation table in the Performance section.
48	Included six Boeing 737 Next Generation aircraft in temporary storage and 60 in long-term storage as of December 31, 2021 and 2020, respectively. Also included 32 Boeing 737 MAX in long-term storage as of December 31, 2020.
49	Passenger load factor is RPMs ⁴¹ divided by ASMs. ⁴²
50	The average distance in miles the aircraft is flown per trip.
51	The average amount of Passenger revenue per revenue Passenger carried.
52	Calculated as Passenger revenue divided by RPMs. ⁴¹ Also referred to as "yield," this is the average cost paid by a paying Passenger to fly one mile, which is a measure of revenue production and fares.
53	Calculated as operating revenues divided by ASMs. ⁴² Also referred to as "operating unit revenues" or "RASM," this is a measure of operating revenue production based on the total available seat miles flown during a particular period.
54	Calculated as operating expenses divided by ASMs. ⁴² Also referred to as "unit costs" or "costs per available seat mile," this is the average cost to fly an aircraft seat (empty or full) on mile, which is a measure of cost efficiencies.
55	The 737-8 is approximately 14% more fuel-efficient than the 737-800. The 737-7 is expected to produce comparable fuel efficiency improvement compared with the 737-700.
56	See Note 11 to Consolidated Financial Statements contained in the 2021 Form 10-K for further information.
57	Tax amounts for each individual special item are calculated at the Company's effective rate for the applicable period and totaled in this line item.
58	UN Guiding Principles for Business and Human Rights .
59	https://www.ohchr.org/en/what-are-human-rights/international-bill-human-rights
60	Declaration on Fundamental Principles and Rights at Work .
61	All other Leaders refers to all leadership positions at Southwest below the VP level.
62	https://www.swamedia.com/releases/release-3394c213b990b23facf1706d0e226181-southwest-announces-2022-executive-leadership-plans
63	Learn more about Southwest's Board of Directors' Committees at https://www.southwestairlinesinvestorrelations.com/corporate-governance/board-committees
64	Learn more about Southwest's Corporate Governance Guidelines at https://www.southwestairlinesinvestorrelations.com/corporate-governance/corporate-governance-guidelines
65	Detailed risk factors, including specific to climate change, are discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.



Number	Endnote Description
66	Learn more about our post-retirement benefits on pp. 124-125 of the Company's 2021 Form 10-K .
67	The majority of our training occurs in our Technical Operations, Flight Operations, and Ground Operations Teams where positions are held by a higher proportion of male Employees.
68	Subject to approval of the Company's Shareholders, effective immediately after the Company's 2022 Annual Meeting of Shareholders.
69	The Technical Operations Team is responsible for our aircraft maintenance. In prior years' reports, we referred to this Team as "Maintenance."
70	Southwest reports our energy consumption in megawatt-hours (MWh), rather than gigajoules as outlined in the SAS metrics.
71	Southwest uses miles for operational data reporting, rather than kilometers as outlined in the SASB metrics.
72	Based on the carrier's published flight schedule as of February 24, 2022.
73	Scope 1 emissions include all jet fuel and ground support equipment fuels consumed, as well as natural gas consumption. Scope 2 emissions are reported as location based emissions per GHG Protocol Corporate Standard.
74	Incremental fuel savings compared to 2020.
75	Calculated as CO ₂ e emissions resulting from our fleet's scheduled service jet fuel consumption for the years shown.
76	Emissions intensity per ASM improved in 2020 primarily as a result of operating fewer of our oldest, least fuel-efficient aircraft due to capacity reductions along with lower load factors resulting from the COVID-19 pandemic. In 2021, we brought many of those older aircraft back into operation to meet returning consumer demand, contributing to the slight increase in emissions per ASM compared with the prior year. The significantly lower load factors due to COVID-19 led to substantial increases in our emissions per revenue passenger mile (RPM) and revenue ton mile (RTM) in 2020. With travel demand starting to return to pre-pandemic levels in 2021, our emission intensity metrics have improved.
77	While data was not reported in prior One Report publications, this information may have been disclosed in Southwest's proxy statements or other public filings.
78	Includes Pilots, Flight Attendants, Flight Attendant Supervisors, and Dispatchers.
79	Includes Ground Operations Agents and Supervisors, Provisioning Agents and Supervisors, Customer Support and Service Agents and Team Leads, and Customer Relations Representatives and Team Leads.





2021 One Report

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